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# Korean Affairs Report

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25 October 1985

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INTER-KOREAN AFFAIRS

PARTY LEADERS MEET ON NORTH-SOUTH PARLIAMENTARY TALKS

SK240057 Seoul THE KOREA HERALD in English 24 Sep 85 p 1

[Text] The National Assembly failed to meet again yesterday, as rival parties continued their deadlock over the issue of two opposition lawmakers allegedly stirring up campus disturbances.

The leaders of the three major parties met at the Assembly speaker's office. Their discussions focused on tomorrow's preliminary meeting for inter-Korea parliamentary talks.

The meeting, which was arranged by Speaker Yi Chae-hyong, was also attended by the floor leaders of the three parties, five South Korean delegates to the inter-Korea talks and Minister of National Unification Pak Tong-chin.

The speaker flatly denied that the leaders of the Democratic Justice Party, the New Korea Democratic Party and the Korea National Party discussed ways of "normalizing the crippled regular session." "We did not say a word about the operation of the Assembly session," he emphatically said.

Asked if he was willing to arrange a meeting of the leaders of the three parties to break the deadlock over the issue of alleged instigation, the speaker said he doubts the wisdom of doing so at the moment.

None of those present at the luncheon meeting disclosed the contents of the huddle.

Political sources said that they expected rival parties would have a cooling period until the end of this month.

Meanwhile, the ruling DJP urged the opposition NKDP to exercise political skills and make joint efforts to normalize the paralyzed Assembly session.

In a statement adopted at a lawmakers' caucus, the ruling party said, "Attending the regular session is the lawmakers' primary right and duty."

The DJP said that the lawmakers can live up to the people's aspirations by normalizing the Assembly session.

In a related development, the DJP and the NKDP held separate meeting of ranking party officials to discuss possible options for addressing the issue involving the two NKDP lawmakers.

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INTER-KOREAN AFFAIRS

ROK DELEGATION MEMBERS COMMENT ON NORTH KOREA

SK270147 Seoul THE KOREA HERALD in English 25 Sep 85 p 6

[Following are observations and remarks on North Korea by some hometown visitors and folk art performers]

[Text] Hong Song-chol, 60, former minister of home affairs: I was awakened to how freedom is precious after making a firsthand observation of the tightly controlled North Korean society. My 67-year-old elder sister whom I met for the first [time] in 38 years looked older than thought. As it appeared that we couldn't meet again, my sister and I pledged to rekindle our remembrance of each other while looking up at the full moon every month between 7 pm and 8 pm. We made the pledge, thinking that if we look up at the moon, it will mirror our two faces.

I was told that the husband of my sister, who used to be a medical doctor, had died. During a dinner, I met with a couple of my classmates of Haeju High School and they told me to forward their regards to their classmates living in the south. It felt sad because of their habit of uttering "Kim Il-song" time and again.

Bishop Chi Hak-sun: North Korea seemed to be trying to show that its people are better off. However, I realized their living standard is very low.

Due to the absence of South-North exchanges during the past four decades, I got the impression that the northern society is greatly different from ours.

As soon as I saw my long-separated younger sister, I thought she looked 80-years-old even though she actually is 60-years-old. That, to be sure, is because she has undergone much hardship in the society. Our dialogue made little progress because she uttered the "benevolence of the Great Leader" from the beginning.

I became convinced that there is no religion in North Korea. When a North Korean insisted there is religion in the north, I urged him to bring me any Catholics. Expectedly, he failed to do so.

When I met my sister, I gave her clothes and wine I brought from the south. I felt heartbroken while staying in the north. After all, I have my kin in an inhumane society.

Kim Chong-ku, 70, senior singer: I was full of deep emotion when I arrived in Pyongyang as if I have been in my hometown of Wonsan, Hamkyongnam-do, after 40 years. I tried to melt the frozen minds of North Korean people with my song "Tearful Tuman River." As expected, their reaction was cool. The audience of about 2,000, mostly in their 40s or 50s, seemed to be moved by the song and nostalgic. However, they did not applaud apparently because they were in a restrictive situation.

Kim Hui-kap, 64, senior actor: I visited Pyongyang, but returned home with strange feelings. I saw the performances of the Pybada (Sea of Blood) Revolutionary Opera Troupe and children. The performances all pertain to their revolutionary struggle and the campaign to idolize Kim Il-song. I could not feel any artistic value in the performances.

Recalling my mother and younger sister whom I left in North Korea, I sang a song titled "An Unfilial Son Is Sobbing." However, the audience showed no reaction.

Kang Song-suk, 55, a Catholic nun: I couldn't meet my mother and brother in North Korea whom I last saw during the Korean War. They might be 83 and 57 years old, respectively, if they are still alive.

I brought back a pair of "hanbok (traditional Korean costume)," a wrist watch and others which I prepared as gifts for them.

In Pyongyang, I was told that my parents died in 1953. But some North Korean guides told me that they seemed to be still alive but they could not be located.

Even after I introduced myself as a nun, some North Korean reporters asked such strange questions as, "How many children do you have?" or "What school do you teach in?" I explained for them that a nun is an unmarried woman who works for the church. But they still didn't seem to understand.

One North Korean guide told me that there is a church and a foreign Catholic father in Pyongyang operated by a religious organization. I told him that I wanted to visit the place. But he retreated, only saying that sometime later he would let me go there.

Every person whom I met in the north bragged that they are happy. But they didn't seem to know the real meaning of happiness.

Yi Chae-un, 50, a lawyer in Seoul: It still looks like a dream to me that I could meet my father in North Korea. I had thought that he was dead.

When my father first recognized me and at the thought that he might not be in such terrible shape if I had served him. He told me that he married for a second time with a 63-year-old woman after my mother died of an illness 30 years ago. He lives with his 29-year-old son, Yi Chae-hyon, who operates a tractor.

When I told him that I am a lawyer, he asked me to do good works for as many persons as possible, instead of being intent on making a fortune.

"He gave me his pocketbook where he wrote names of my relatives in North Korea and the names of other relatives in South Korea whom I told him about. I have kept it..

U Tae-kyu, 65, chairman of Hanil Pharmaceutical Ind. Co: All the hope and expectations that I had before leaving for Pyongyang have crashed down. I don't feel like going to Pyongyang again to seek my relatives in North Korea.

I was told that my elder brother whom I most wanted to see died in 1950 2 years after I last saw him. Instead, I met my nephew, 39, but we could not talk much because of the close watch of North Korean supervisors.

Upon seeing me, he told me such stereotypical propaganda as, "We live and eat well here because of our great leader Kim Il-song," "North Korea is a heaven on the earth," or "Why did you go to the south?" I felt disappointed and sorry for him.

He presented me with two packs of biscuit cookies, a bottle of ginseng wine, and a bottle of whisky and a piece of cloth. It was similar to the gifts that other South Korean visitors received from their North Korean relatives during this visit.

Cho Chang-sok, 58, president of the Samyung Wool Textile Industrial Co.: I met with my 60-year-old elder brother. But the meeting was so short that I could barely exchange greetings and inquire about his family members.

When I told him that I own a business which exports over \$20 million worth of goods a year, he snapped "I cannot believe you at all."

The reality in the north where one would not believe his younger brother's words reminded me of the tragic division of the country.

He told me that he lives well from farming. But his gloomy expression made me feel sorrow.

Ms Ha Chun-hwa, 32, singer: Seeing is believing. I'm really happy that I was born in the south. I had some trouble because North Koreans had different names for toilets and groceries, for instance.

Women who are said to be enjoying a better life in the north had coarse hands and their faces looked rather suntanned. The popular Korean saying that women in the north are more beautiful than those in the south is no longer true.

I watched some shows participated in by children. Their movements looked rather perfunctory and the contents of the shows were almost all the same. I felt pity for them.

Paek Nam-pong, comedian: I was tired because we were on a tight itinerary. Communications with my escort were not smooth, making me further embarrassed.

There were not many pedestrians and cars in Pyongyang. Women were seen driving some trolley buses. There were road lanes allegedly reserved for Kim Il-song. Those lanes have always been remained reserved.

Nam Po-won, comedian: People in Pyongyang seemed to be chilly because they were poorly dressed.

Our Pyongyang audience tried not to laugh during a comedy show. It was really a pity. Anyway, I think our performance was successful, drawing favorable responses from the "heart" of the audience.

Na Hun-a, 38, singer: In a word, it was a terrible place. I was surprised to learn that they knew about my hit numbers and the total number of songs I have sung.

When I asked them why they call Kim Il-song "oboi (parents)," they replied Kim is worth of the title because he provides North Koreans with food, clothing and housing while their real parents simply gave birth to them.

Their answers struck me dumb.

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INTER-KOREAN AFFAIRS

ROK DAILY URGES NORTH'S GOOD FAITH IN DIALOGUE, CONTACTS

SK210122 Seoul THE KOREA HERALD in English 21 Sep 85 p 4

[Editorial: "Hometown Visits"]

[Text] The crossing of the Demilitarized Zone yesterday by groups of South and North Koreans for family reunions and art performances was the most significant development in the long-interrupted relations between the two divided parts of Korea.

For the first time in the four decades of national division, ordinary citizens and artists, though very limited in number, are visiting the other side of the border. They go with mixed emotions resulting from the bitterness of long separation from their family members--but with earnest hopes for a brighter future of inter-Korean relations.

Each delegation consists of 50 hometown visitors and 50 performing artists, plus 50 newsmen and support personnel. They will meet with their relatives or present folk music and dance performances in Seoul and Pyongyang during their 4-day stay.

It took 14 years to accomplish these exchange visits since North Korea first agreed to negotiate family reunions proposed by our Red Cross Society in 1971. Much time and perseverance were spent in the course of many preparatory contacts as well as full dress meetings of Red Cross officials.

This beginning venture is epochal, albeit modest in scale. The success or failure of this initial trial will determine the fate of our future efforts in the humanitarian cause of reuniting dispersed families, and then promoting other south-north exchanges.

Seoul and Pyongyang should agree to enlarge the number of visitors and their access to more parts of the peninsula. North Koreans should also comply with our overtures for starting mail exchanges and setting up a rendezvous point on the border to enable more relatives to meet there.

The most important thing to making a success of this undertaking is for both parties to refrain from politicking and propagandizing that would detract from the humanitarian considerations. In this connection, Pyongyang's disturbing bid to "entertain" our delegates to the last Red Cross meeting in the northern capital with a presentation of martial gymnastics and to interpose irrelevant political claims at the latest economic talks in Panmunjom was a very discouraging development. Good faith on the part of North Korea is vital to continuing the process of amicable inter-Korean dialogue and exchange.

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INTER-KOREAN AFFAIRS

JAPAN'S ABE WELCOMES NORTH-SOUTH DIALOGUE EFFORTS

SK250025 Seoul YONHAP in English 0011 GMT 25 Sep 85

[Text] United Nations, 24 Sep (OANA-YONHAP)--Japan welcomes various efforts toward establishing a north-south dialogue and the progress that has recently been made on the Korean peninsula. Japan is very hopeful that these discussions will yield substantive results, the Japanese foreign minister said Tuesday.

Speaking before the UN General Assembly, Shintaro Abe said that Japan, for its part, will continue to cooperate in every way possible to create a climate conducive to the relaxation of tensions on the Korean peninsula.

Abe also said if both north and south would consider joining the United Nations as a step toward the reunification of the Korean peninsula, Japan would welcome and support membership for both of them as a means of relaxing tensions and furthering the universality of the organization.

He said Japan is pleased that young men and women from both north and south were able to compete side by side in the Universiad Games recently held in Japan.

Abe suggested that to enhance their effectiveness, the United Nations must discharge more fully its responsibilities in the field of peace-keeping, and it behoves the permanent members of the Security Council, and all United Nations member states to seriously study ways of enhancing the Security Council's peace keeping functions.

He also recommended that with the support of all member states, the peace-keeping functions of the secretary general should be strengthened so that his quiet diplomacy can be more effective.

CSO: 4100/001

INTER-KOREAN AFFAIRS

ROK DAILY PRAISES NORTH, SOUTH EFFORTS FOR FAMILY REUNION

SK220143 Seoul THE KOREA TIMES in English 22 Sep 85 p 4

[Editorial: "Scenes of Family Reunion"]

[Text] It was heartwarming that the Korean people residing on both sides of the divided country witnessed yesterday the dramatic and tearful scenes in Seoul and Pyongyang of reunion among the dispersed families between the south and north for the first time in four decades.

An aged mother in her 80s in Seoul could not recognize at first her eldest son coming from the north, remembering him only by his name. Confirming an old scar on his face, however, the mother was too overwhelmed to believe in this drama as a true story.

Similar happenings were seen in the north where a group of hometown visitors from the south met with their families and relatives.

In Seoul, 15 families from the 50-person home-visiting group were able to be reunited with their beloved ones in the south yesterday, while Pyongyang arranged the family reunion for 20 families out of the hometown visiting group of an identical size from the south the same day.

Since another chance is to be provided today for the family reunion for the home-visiting group from each side, we renew our hope that as many separated families as possible exchanging their visits on the other side this time will be fortunate to be mingled with their loved ones successfully.

Those who were fortunate enough to experience the joy of reunion with their families and relatives, thanks to the pilot project of the humanitarian Red Cross campaign being undertaken by the two halves of our divided land at present, undoubtedly feel deeply grateful, even if the time allotted for their meetings was too brief.

Along with the family reunion projects for the home-visiting group, the art troupes from both sides staged their performances in Seoul and Pyongyang simultaneously.

With the latest South-North exchange of home-visiting groups and art troupes, Seoul and Pyongyang have tangibly demonstrated the wisdom and ability of the Korean people before the entire world, in efforts to promote inter-Korean exchanges, and hopefully will do so again in the days ahead.

Both sides of the divided country have undoubtedly shown their respective wills to mitigate the plight of the 10 million dispersed families, tragically isolated from each other, and this is hoped to be conducive to paving the way for territorial reunification.

CSO: 4100/001

INTER-KOREAN AFFAIRS

DAILY HOPES FOR MORE NORTH-SOUTH FAMILY REUNIONS

SK240109 Seoul THE KOREA TIMES in English 24 Sep 85 p 4

[Editorial: "Prospects From Family Reunion"]

[Text] With their respective returns to Seoul and Pyongyang yesterday, the home-visiting groups and art troupes from both sides of the divided country have concluded the exchange programs to the south and north in the ongoing Red Cross family reunion campaign.

The south and north had dispatched their hometown visitors, numbering 50 each, along with the art troupes of an identical scale, to the capital cities of both sides.

Of them, both sides were able to arrange the reunion of family members for a total of 200 people in Seoul and Pyongyang. In the north, 35 families were fortunate to be reunited with their families and relatives, while in the south, 30 families were able to meet with their beloved ones on two separate occasions.

Upon conclusion of a 4-day exchange project for family reunions and art performances this time, our sentiments are somewhat mixed in regard of our hopes and concerns over the future path of the long-sought humanitarian Red Cross crusade being undertaken between both parts of the divided country.

While dramatic scenes of families reuniting were staged in the south and north, television and newspaper media in the world community carried as a major event the humanitarian Red Cross undertakings taking place on the Korean peninsula.

This was because the homogeneous Korean people being severed from each other on both sides for as many as 40 years since the end of World War II have undeniably demonstrated their strenuous will before the entire world populace to gradually ease the tragic pain among their 10 million dispersed families and relatives.

As many as 14 years have elapsed since the embarkment of the genuine humanitarian campaign under the Red Cross flag. Passing through so many ups and downs ever since, the latest exchange of visits in the nature of a demonstration project has finally realized the historic reunion of dispersed families even for a very limited number of people.

Based on such previous experience, what will happen ahead in the Red Cross venture should be considered simply unpredictable. Yet, it is true at the same time that the first success in the exchange of hometown visitors involving private citizens in the south and north may well encourage Seoul and Pyongyang to push through this specific Red Cross project with more confidence and courage in the days ahead.

Hereafter, it is needless to elaborate that both sides are urged to proceed with the Red Cross contacts to institutionalize the family reunion in pursuit of bringing relief to those divided family members on the peninsula who remains separated from each other.

The number of hometown visitors should be increased on a gradual yet steady basis, with the place of reunion to be expanded to include all corners of the divided country in future projects.

Particularly impressive was a report from Pyongyang that the religious gatherings were held there among Christian people from among the hometown visitors and art performers of the south.

In a communist society where the freedom of religion is banned, such an event blew in a wind of freedom from outside.

It was also considered a surprise that the North Koreans meeting with the southern visitors are quite ignorant of what is going on in the south, believing that the average people here are suffering in acute destitution, which is far from the truth in the eyes of the world nowadays.

Disappointing the South Koreans also was the art performance of the North Korean visitors here, whose artistic designs and esthetics have been influenced obviously by the social system in the north for possible propagandist aims, rather than upholding purely traditional artistic values.

It is under such circumstances that the Korean people as a whole residing in the two isolated halves of the peninsula are once again urged to enhance their exchange visits through the multilateral channels for inter-Korea dialogue, as is presently being sought, before it is really too late.

Reminding us on this occasion is a saying that "to start something is to finish half of the job."

As far as the Red Cross project for family reunion is concerned, it is hoped by us all that the Red Cross [conferences] from the south and north from now on will become sober enough to tackle their agenda at the table of dialogue in a most productive and sincere manner, being free from any latent political maneuvers.

CSO: 4100/001

INTER-KOREAN AFFAIRS

INTER-KOREAN PARLIAMENTARY TALKS MEETING SET FOR 25 SEPTEMBER

SK240835 Seoul YONHAP in English 0719 GMT 24 Sep 85

[Text] Seoul, 24 Sep (OANA-YONHAP)--South and North Korea are scheduled to hold a second preliminary meeting for the arrangement of inter-Korean parliamentary talks at the truce village of Panmunjom on Wednesday.

Five legislators from Seoul and five from Pyongyang will meet in the conference room of the Neutral Nations Supervisory Commission in Panmunjom at 10 am Korean time (0100 GMT). The delegates are expected to focus on setting an agenda for the proposed inter-Korean parliamentary meeting.

Rep Kwon Chong-tal, chairman of South Korea's National Assembly Home Affairs Committee, will head the South Korean delegation to the upcoming parliamentary meeting.

The four other South Korean delegates will be Rep Chong Si-chae of the ruling Democratic Justice Party (DJP), Reps Sin Sun-pom and Pak Kwan-yong of the main opposition New Korea Democratic Party (NKDP), and Rep Kang Kyong-sik of the minor opposition Korea National Party (KNP).

Representing Pyongyang will be Chon Kum-chol and four other lawmakers from the North Korean Supreme People's Assembly.

During the first preliminary meeting, held in Panmunjom on 23 July, politicians from both sides agreed to hold the talks alternately in Seoul and Pyongyang within 1 month after the preliminary meetings are completed. The two sides also agreed that each delegation to the talks would comprise 11 members, as suggested by the South Koreans, but they failed to set an agenda for the talks.

The preliminary meeting on 23 July was the first of its kind since the Korean peninsula was divided in 1945. The idea emerged for the meeting in April, when North Korea proposed that inter-Korean parliamentary talks be held to discuss the drafting of a non-aggression pact between Seoul and Pyongyang.

In a counterproposal, South Korea suggested that the delegates to the inter-parliamentary meeting discuss the formation of a consultative body that would write a national constitution for a unified Korea.

CSO: 4100/001

INTER-KOREAN AFFAIRS

YONHAP ANALYZES NORTH'S 'THEORY OF THE SEED'

SK230335 Seoul YONHAP in English 0116 GMT 23 Sep 85

[Text] Seoul, 23 Sep (OANA-YONHAP)--Through literature and art, North Korea is trying to create a new form of human being, indoctrinated with communist ideology, spreading the propaganda of the ruling Workers' Party, experts on North Korea affairs say.

To attain these objectives, loyalty to the ruling party, to the class and to the people, as well as devotion to socialistic patriotism, must be infused with literary and artistic works, the experts say.

Since 1976, the North Korean regime has introduced the so-called "chongjaron" (theory of the seed) into the genre of literature and arts, in an effort to instill loyalty to its chieftain Kim Il-song.

The chongjaron is based on a theory that the nucleus of revolutionary ideology forms the seed, which grows and later bears fruit, in turn producing more seeds, creating successive cycles. The seeds here refer to the main theme, sub-theme and ideology of a work. If a work is to fit the norm and criterion of socialistic realism, these three factors must be in harmony, the experts say.

The three factors are equated with loyalty to the party, devotion to revolution and "chuche-ism" (Kim's pet ideology of self-reliance), respectively.

The factor that is being most strongly emphasized is Kim's ideology, because it is the nucleus of literary and artistic creativity. Only works that idolize or give allegiance to Kim are permitted.

That's why revolutionary novels and operas devoted to Kim and his relatives are widely circulated throughout North Korea. Public performances involving literary and artistic works are presented to infuse the masses with blind allegiance and loyalty to Kim. The contents of the performances are revolutionary and socialistic in nature; they are not designed to represent beauty through songs or rhythms.

One of the most common characteristics of public performances in North Korea is the staging of mass presentations, combined with music, dance and drama. In these presentations, the individuality of each performer is obscured by the appearance of hundreds of performers against a background of mobile settings.

The underlying purpose of the mass performances is to instigate the masses by creating a feeling of collectivity.

The presentation of a new performance is possible only after a work has been approved by censors.

Under the pretext of constructing a "new society" and creating "new humans," North Korea defines all other ways of life as outdated and they are destined to be adulterated or transformed, if not totally eliminated, the experts say.

Therefore, traditional culture has been distorted or obliterated to make room for the perpetuation of the system that keeps Kim idolized.

The two performances presented by the 50-member North Korean troupe here over the weekend reflected the distortion and adulteration of Korean culture that has taken place in the north since the nation was divided 40 years ago.

Kang Sun-yong, chairperson of the Korea Dancing Association, said that the troupe's dancing is deprived of Korean national identity and that its performance contains underlying themes from India's southern dancing and Russian folk dancing.

No Chang-pong, chairman of the Commission on Ethics of Performance, said that the performers' shipshape attitude and brisk mobility belied efforts exerted on the performance, but they failed to arouse pure artistic feelings among the spectators.

Most critics agreed that the North Korean presentations of Korean folk arts have shown that the arts have been adulterated and lost their legitimacy, because they have been exploited as a means of spreading ideology among the populace.

CSO: 4100/001

INTER-KOREAN AFFAIRS

SEOUL CORRESPONDENT INTERVIEWS STUDENT IN NORTH

SK230040 Seoul YONHAP in English 1309 GMT 23 Sep 85

[Text] Seoul, 23 Sep (YONHAP)--The following are questions and answers between a Seoul correspondent and young North Korean students whom he met during a visit to the People's Study Hall (a library) and on the street in Pyongyang.

At the Library

Q: You don't think children in South Korea learn this kind of art (calligraphy), do you?

A: Because of the Americans, children in South Korea are wandering in the streets, begging for food to eat. Those children cannot enjoy a good life like ours.

Q: Do you think there are large buildings in the south?

A: No, I don't think there are any.

Q: Why do you believe so?

A: Because the Americans are suppressing the people in the south.

Q: Which subject do you study hardest?

A: I study the revolutionary activities of our great leader Comrade Kim Il-song and dear leader Kim Chong-il most arduously.

Q: Do you mean that you study their revolutionary activities with greatest efforts?

A: Yes.

Q: (To another child): Do you think young students in South Korea learn this kind of art (calligraphy) too?

A: How can the children in the south learn calligraphy?

Q: What do you think they learn then?

A: They don't have houses in which to live, food to eat or clothes to wear. They shiver in the cold and are starving.

On the Street

Reporter (to a child): What do you learn at the day nursery?

Mother of a child: Tell what you learned at the nursery yesterday.

Child: Songs.

Reporter: What kind of songs?

Child: (silent)

Mother: They learned "We Go Kicking the Americans."

Child: (silent)

Mother: Chong-jin, sing the song, Chong-jin.

Reporter (to a woman walking with a young daughter): I am a reporter from the south. Where are you going now?

Woman: I'm just taking a walk.

Reporter: Why does your daughter wear this red imitation flower on her head?

Mother: It is just a flower.

Reporter: Why does she wear it?

Mother: She is wearing it to look beautiful. This is one of the gracious gifts from the chief (Kim Il-song).

Reporter (to a student): Do you know what chusok (full moon festival) is?

Student: Yes, I know.

Reporter: What date is it this year?

Student: We don't have a word like chusok. So, I don't exactly know the date of chusok.

Reporter: Do you believe students in the south attend their school happily?

Student: Children in the south are so poor that they cannot go to school.

Reporter (to a coed): Do you go to church?

Student: Do you mean if I go to the suburbs of the city? (In Korean, church is kyohoe and suburbs is kyooe.)

Reporter: You don't seem to know what "kyohoe" is.

Student: (silent)

Reporter: Do you believe there is God?

Student: A God? No, there is nothing like that.

Reporter: Did you go to the beach this last summer?

Student: Yes, I went swimming last summer.

Reporter: Where did you go?

Student: I went to Mt Myohyang.

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INTER-KOREAN AFFAIRS

REMARKS OF SEOUL CITIZENS ON NORTH PERFORMANCE NOTED

SK230727 Pyongyang KCNA in English 0658 GMT 23 Sep 85

[Text] Seoul, 21 Sep (KCNA correspondent)--The performance of the Pyongyang art troupe which raised the curtain on September 21 in Seoul for the first time in the 40 years of the division evoked great repercussions among South Korean figures and people of all walks of life.

At the end of the performance an official of the theatre said:

The Pyongyang art troupe indicated a direction regarding the problems of how to carry forward and develop national music and national dance and how to improve the national musical instrument.

Listen to the applause today. It is a success of successes.

Yi Min-u, president of "the New Korea Democratic Party," said to a reporter after the performance:

I very much enjoyed the performance of the Pyongyang art troupe.

I deeply thought that the national art should be preserved and developed by the concerted efforts of North and South.

Appreciating the art of the North, I deeply realized that it is following the road of modernisation, inheriting the spirit of our nation. I think that North and South should help each other and develop the national culture and art in the idea that are a homogenous nation.

A government official in Seoul said: "After seeing the North's art today, I admit that I had thought wrong to this day. It was a false propaganda that classic has been done away with in the North".

An actor said:

The art of the North defied my imagination.

I heard that the North's art is widely known in the world. But I had never imagined that it is so wonderful. Certainly, there is a great master of a art in the North.

He is Mr Kim Chong-il, I think.

Bright is the future of the North.

A pressman of South Korea said:

Men's quartet is very wonderful. So is the dance. Their content is good and the rhythmic movement of the dance is graceful and noble. They have gripped the hearts of the spectators consistently because they are soft and slow, appealing and fast.

An inhabitant residing in Yongdungpo District, Seoul, said:

I cannot repress emotion after seeing the performance of the Pyongyang art troupe. In Seoul, too, there is the dance of eight fairies of Mt Kumgang. But it cannot be compared with that of the North.

Noting that "the dance and music of the Pyongyang art troupe are very wonderful as a combination of national and modern things," a government official of South Korea stressed: "There are many things to learn from".

A conductor, unable to repress his emotion, said: The stage effect is novel. It presented a fascinating canvas in three dimensions. It was truly fascinating. I have seen such a stage setting for the first time."

Saying that the performance of the Pyongyang art troupe was a big success, an official of the theatre noted:

It is the first time that our theatre stood high in the eyes of Seoul citizens. The level of the skill of actors and actresses is high, the artistic value of works is high and their content is good. We can find no faults in them.

CSO: 4100/004

INTER-KOREAN AFFAIRS

DENOUNCEMENT OF S. KOREAN GOVERNMENT STUDENT SUPPRESSION

USIS Case Trial

SK280537 Pyongyang KCNA in English 0455 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--Papers today in signed commentaries denounce the Chon Tu-hwan military fascist clique which staged the "final trial" at the Seoul district criminal court on September 25 and demanded prison terms up to 10 years for 20 patriotic students involved in the occupation of the "U.S. Information Service" building in Seoul.

NODONG SINMUN carried a commentary titled "Malicious Fascist Art of Traitors," which says:

The patriotic students waged the struggle demanding that the United States make an apology for the Kwangju bloodbath, bearing responsibility for it, and that its troops withdraw from South Korea for the reunification of Korea. This could not be a violation of "law" or a crime.

It must not go unnoticed that the puppets demanded the overweighted prison terms against the students by connecting them with the North alleging that their demand was the same with the North's and it was "an act benefiting the enemy".

To suppress patriotic students by connecting them with the North while kicking up a vicious anti-communist, anti-DPRK din by abusing the exchange of Red Cross art troupes and home-visiting groups between North and South, the first of such things in dozens of years, is a criminal act which can be committed only by those who seek antagonism and discord between North and South, not harmony and unity.

The demand for prison terms unmasks to the world the craftiness and double-dealing tactics of the U.S. imperialists who threw the patriotic students under the sword of fascism after going through the motion of protecting them from repression.

The U.S. imperialists and the Chon Tu-hwan group should know that with no suppression at the point of bayonet or severe penalty, can they ever break

the unshaken faith of the students that they cannot evade slavery to aggressors and to fascism unless they overthrow the colonial rule of the U.S. imperialists and the military fascist dictatorship.

SKNDF Demands Students' Release

SK300555 Pyongyang KCNA in English 0456 GMT 30 Sep 85

[Text] Pyongyang, 30 Sep (KCNA)--The spokesman of the "South Korean National Democratic Front [SKNDF], on September 26 published a statement denouncing the Chon Tu-hwan military fascist clique who demanded on September 25 prison terms up [word indistinct] years for 20 patriotic students who had taken part in the occupation of the "U.S. Information Service" building in Seoul, according to radio "Voice of National Salvation."

The statement brands this demand of heavy penalties for the patriotic students as a treachery to the nation and political gangsterism which could be committed only by the Chon Tu-hwan group which prolongs its days by fawning upon outside forces, estranged from the fellow countrymen.

Bitterly denouncing in the name of the entire people the crimes in which aggression strangles independence and treachery penalises patriotism, the statement declares totally null and void the illegal trials and court decisions against the students who waged a sit-in in the "USIS" building in Seoul.

It strongly demands that the Chon Tu-hwan "regime" wholly cancel the illegal decisions against the 20 patriotic students, unconditionally release all of them and step down at once as demanded by the people before they face a miserable doom.

It also demands that the U.S. aggressors formally apologise for all their crimes over the past 40 years in South Korea including the Kwangju blood-bath, and go home.

The statement appeals to the people and personages of all circles to continue to wage a powerful movement for the release of the detainees and fight more stubbornly for independence, democracy and reunification.

Lawyers Group Denounces Penalties

SK300606 Pyongyang KCNA in English 0509 GMT 30 Sep 85

[Text] Pyongyang, 30 Sep (KCNA)--The spokesman of the Korean Democratic Lawyers Association in its press statement on September 29 vehemently denounces the shocking act of human-butcherly of the Chon Tu-hwan group which took the fascist action of inflicting penalties upon the patriotic students who had participated in the occupation of the "U.S. Information Service" building in Seoul.

The statement says:

The arrest of those involved in the occupation of the "USIS" building itself by the fascist clique was illegal and their trial itself was preposterous.

As for the students penalized through trials this time, they had waged a peaceful sit-in strike in the "USIS" building in demand of a probe into the truth of the Kwangju incienet, open apology of the United States for this, withdrawal of U.S. forces and resignation of Chon Tu-hwan.

The "laws" of South Korea are, to all intents and purposes, anti-popular evil laws faked up by the Chon Tu-hwan group to prop up the colonial rule of the U.S. imperialists, justify their treacherous crime and obliterate the political rights of the people.

The trials and penalties this time well show how craftily and shamelessly the U.S. imperialists encourage the puppets in the backstage and what desperate efforts they make to maintain their colonial rule.

The entire lawyers in the northern half of the country strongly hold that the unlawful penalty upon the patriotic students must be cancelled at once and they be released unconditionally without delay in compliance with the unanimous demand of the people at home and abroad.

Availing ourselves of this opportunity, we express the belief that the progressive lawyers of the world and their organisations will strongly denounce thecrimes of the Chon Tu-hwan group in sentencing patriotic students to harsh prison terms and lift up louder voices supporting the just struggle of the South Korean students.

#### Students, Politicians Sentenced, Prosecuted

SK220909 Pyongyang KCNA in English 0839 GMT 22 Sep 85

[Text] Pyongyang, 22 Sep (KCNA)--The Chon Tu-hwan fascist clique on September 19 held a trial at the puppet Seoul district criminal court and sentenced Kim Chang-kwon, a student of Tongguk University, to a prison term, according to a radio report from Seoul.

On September 16 the puppets imposed a 5-year prison term upon a student of Pusan University at the puppet Pusan district court.

The puppet Seoul district prosecutor's office on September 19 prosecuted "National Assemblymen" from the New Korea Democratic Party Pak Chan-chong and Cho Son-hyong by invoking a fascist law. The puppet clique had persecuted them by linking them with the all-nation symposium held in Koryo University.

On the same day the puppet prosecution brought an indictment against five personages including the deputy chief secretary of the Council for the Promotion of Democracy who had gone to attend the symposium with the aforesaid two.

The Chon Tu-hwan fascist clique expelled from the Pungyong Company in Pusan 8 female workers who had taken the van in the struggle for vital rights and democratic freedom.

#### Assemblymen Determination to Fight Fascism

SK230613 Pyongyang KCNA in English 0550 GMT 23 Sep 85

[Text] Pyongyang, 23 Sep (KCNA)--Pak Chan-chong and Cho Sun-hyong, "National Assemblymen" from the New Korea Democratic Party (NKDP), who were released after being interrogated by the puppet prosecution on charges of involvement in the all-nation symposium held at Koryo University in Seoul on September 6 expressed their resolve to keep fighting against fascism, according to the South Korean newspaper TONGA ILBO.

Speaking at a "meeting of NKDP assemblymen" on September 19, Pak Chan-chong said that "though the government tries to cause trouble with the New Korea Democratic Party and me by bringing out a matter which it does not need to take up as a question, truth will be made clear as time flows". "I will devote myself to democracy," he stated.

Saying that "the interrogation by the prosecution this time was a good opportunity to clarify truth", Cho Sun-hyong criticized the fascist clique's hauling and investigation as an attempt to restrict even the activities of the "National Assemblymen" and political parties. He declared: "We will fight resolutely not only politically but also legally".

#### Prison Terms Demanded for USIS Occupiers

SK260557 Pyongyang KCNA in English 0526 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--In defiance of protest denunciation of the students and broad public opinion, the Chon Tu-hwan military fascist clique at a murderous trial held at the puppet Seoul deistrict criminal court on September 25 demanded prison terms up to 10 years for those involved in the occupation of the "U.S. Information Service" building in Seoul, according to a radio report from Seoul.

The fascist clique inflicted 10 years in prison respectively upon student Ham Un-kyong, chairman of the Sammin Struggle Committee of Seoul University, and student Kim Min-sok, chairman of the "National Federation of Students", on charge of violation of the "National Security Law", a murderous evil law.

The military hooligans also demanded 7 years in prison for 10 students of Seoul, Koryo, Yonsei, Songgyungwan and Sogang universities involved in the occupation and 5 years in prison for 8 other students on similar charges.

By demanding such heavy penalties for students, the fascist clique fully revealed their vicious nature of a faithful stooge of the U.S. imperialists and a human butcher.

### Further Suppression of Students

SK261106 Pyongyang KCNA in English 1012 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--The South Korean fascist clique on September 23 held a meeting of principals of middle and high schools in Seoul and, prattling about "agitation" of students, cried for the strengthening of the "spiritual education" and "guidance of life" for the middle and high school students, according to a radio report from Seoul.

This is another vicious move of the puppet clique to bind middle and high school students under the yoke of fascism and imbue them with the idea of slavish submission.

Upset by the spread of the university students' anti-U.S., anti-"government" struggle among the middle and high school students and the increase of its influence, the Chon Tu-hwan puppet clique is clamouring about the strengthening of "spiritual education" to block it.

### Lawyer's Protest

SK271025 Pyongyang KCNA in English 1010 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--Chang Ki-uk, a lawyer of South Korea, strongly protested against the fascist clique's suppression of figures of various strata who went to Koryo University to attend the all-nation symposium, according to a radio report from Seoul.

He called at the puppet Seoul district prosecutor's office on September 24 and stressed that the all-nation symposium was a "peaceful meeting" and noted that the puppet police authorities committed and "illegal and unjust" act in preventing opposition figures from attending the meeting.

And he demanded the "prosecution" of Pak Chan-chong and other "National Assemblymen" from the "New Korea Democratic Party" on charges of involvement in the problem of participation in the all-nation symposium be withdrawn.

### Religious Figure's Criticism

SK281035 Pyongyang KCNA in English 1009 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--SINHAN MINBO, a newspaper of Korean residents in the United States, reported that South Korean believer Ham Sok-hon in a lecture in the United States criticized the Chon Tu-hwan military fascist clique's brutal suppression.

In a lecture given at a church in Los Angeles he opposed the military fascist ruling system in South Korea and criticized the scheme of the puppet clique to enact "the campus stabilization law". He stressed that people at home and abroad should oppose in unity the "campus stabilization law as it will be another evil law aimed at stifling democracy".

CSO: 4100/004

INTER-KOREAN AFFAIRS

FOREIGN DEMAND FOR WITHDRAWAL OF U.S. FORCES FROM SOUTH

SED, JSP Statement

SK260523 Pyongyang KCNA in English 0501 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--A statement on the visit of the delegation of the Japan Socialist Party headed by Masashi Ishibashi, chairman of its Central Executive Committee, to the German Democratic Republic, was made public, according to an ADN report September 24.

The statement says:

The German Socialist Unity Party (SED) and the Japan Socialist Party expressed their concern for peace and stability on the Korean peninsula and extended support to the initiatives and efforts of the Democratic People's Republic of Korea to make all foreign troops withdraw from South Korea and achieve the peaceful reunification of the country free from foreign interference.

USSR Supports Reunification

SK260547 Pyongyang KCNA in English 0517 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--Eduard Shevardnadze, member of the Political Bureau of the Central Committee of the Communist Party of the Soviet Union and foreign minister of the USSR, pointing to the Korean problem at the plenary session of the 40th UN General Assembly on September 24, stressed that the Soviet Union supported the efforts of the Democratic People's Republic of Korea for the peaceful reunification of the country, the demand for the withdrawal of all foreign troops from South Korea and her proposal on converting the Korean peninsula into a nuclear-free zone.

GDR, Romanian Ministers' Support

SK300557 Pyongyang KCNA in English 0503 GMT 30 Sep 85

[Text] Pyongyang, 30 Sep (KCNA)--Foreign ministers of the German Democratic Republic and Romania supported the Korean people's cause of national

reunification in their speeches at the plenary meeting of the 40th session of the United Nations General Assembly on September 27, according to a report.

Oskar Fischer, foreign minister of the GDR, said that the demand of the Democratic People's Republic of Korea for the withdrawal of the U.S. forces from South Korea is justifiable. Because, he said, the U.S. Forces' withdrawal is a major precondition for solving the Korean question peacefully and reunifying the country in a peaceful way without foreign interference.

Romanian Foreign Minister Stefan Andrei said:

Romania reaffirms her solidarity and active support for the stand and initiative of the DPRK for the peaceful, democratic and independent reunification of the country and its efforts and political and diplomatic activities to this end.

CSO: 4100/004

INTER-KOREAN AFFAIRS

S. KOREAN STUDENTS' ANTI-GOVERNMENT DEMONSTRATIONS

27 Sep Demonstration

SK280601 Pyongyang KCNA in English 0551 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--Over 10,000 students of Koryo and Yonsei universities marched through the streets to hold an anti-"government" demonstration in unity at noon September 27, according to a REUTER report from Seoul.

The students of the two universities turned out to the demonstration after the sports meeting which was traditionally held every fall between the two universities, the report said.

They left a stadium in southern Seoul and marched arm-in-arm, chanting anti-"government" slogans.

Hurriedly dispatched hundreds of riot police blocked roads leading to the city centre and ran wild in suppression, firing tear-gas at random at demonstrators.

Not daunted by this, the students valiantly fought.

More than 100 students of Seoul and Yonsei universities on September 25 took to the street by surprise to hold a fierce anti-"government" demonstration.

The students who took to the street with a surging antipathy against the military fascist clique's suppression and anti-popular economic policy vigorously marched through nocturnal streets, holding high placards reading "Down with the dictatorship which has devastated the peasants' economy" and changing anti-"government" slogans.

When the hurriedly dispatched puppet police pounced upon them, firing tear-gas shells at them, the demonstrators valiantly resisted them with rocks and flame bottles.

The demonstration that day drew public attention because it was the first anti-"government" on-street demonstration in the second semester.

### Seoul Demonstrations

SK220912 Pyongyang KCNA in English 0843 GMT 22 Sep 85

[Text] Pyongyang, 22 Sep (KCNA)--More than 400 students of Koryo University in Seoul on September 19 held an inaugural meeting of the general student council and started a demonstration, shouting "Stop campus suppression" and so forth, according to the South Korean newspaper CHOSON ILBO.

On the same day, over 100 students of Sungjon University also staged a demonstration, demanding the puppet Ministry of Education to "cancel its refusal to approve the appointment of the university president".

Over 200 students of Kyonghui University held a Kyonghui forum on democratic constitutional amendment that day, which was followed by a torchlight demonstration.

### Other Seoul Demonstrations

SK240608 Pyongyang KCNA in English 0554 GMT 24 Sep 85

[Text] Pyongyang, 24 Sep (KCNA)--Students of the University of Foreign Studies, Koryo and Seoul universities in Seoul and in various parts of South Korea vigorously waged anti-"government" struggles on September 19 and 20, according to a South Korean newspaper report.

Over 200 students of the University of Foreign Studies held the inaugural meeting of the "Struggle Committee for the democratic constitutional revision" at the playground in front of the main building of the university on September 19. They exposed and criticized the fascist nature of the present "constitution" and demanded its abolition.

Then they staged a demonstration, calling for the revision of the constitution from the present "indirect presidential elections to the direct presidential elections" and "guarantee of campus freedom" and chanting other slogans.

That day student demonstrations demanding "constitutional revision" were held at 8 universities and colleges in Seoul and other areas.

On September 20 more than 200 students of Koryo University held a meeting of declaration for the practice of the movement for democracy, nation and masses on the lawn in front of the main building of the university and stages an anti-"government" demonstration.

They persistently fought, throwing petrol bombs and rocks at over 100 puppet police when they broke into the campus to suppress students.

On the same day, over 1,500 students of Seoul University held an extraordinary student meeting at the campus plaza and elected the new chairman

of the Sammin Struggle Committee of the university to fill the vacancy created by the fascist clique's arrest of the former chairman.

The attendants of the meeting held an anti-"government" demonstration shoulder to shoulder, holding torchlights.

#### 1,500 Seoul Student Demonstration

SK251119 Pyongyang KCNA in English 1027 GMT 25 Sep 85

[Text] Pyongyang, 25 Sep (KCNA)--More than 1,500 students from 6 universities including Seoul University held a meeting on September 24 under the sponsorship of the "National Federation of Students" at Yonsei University to elect leading members of the organisation, according to foreign press reports.

At the meeting they firmly resolved to fortify the organisation in face of the Chon Tu-hwan fascist clique's barbarous suppression and wage a more powerful struggle against fascism and for democracy.

The students went over to a demonstration after the meeting. In tight scrimmage, they ran towards the streets, loudly shouting anti-"government" slogans.

The demonstrators fought a fierce battle for more than four hours, hurling petroleum bombs and stones at hundreds of riot police.

In the close-quarter battle, a policeman of the West Gate police station was knocked down, hit by a stone, and traffic around the university was paralyzed.

The students scattered printed materials against the general meeting of the World Bank and the annual meeting of the International Monetary Fund (IMF) to be hosted by the fascist clique in Seoul, said the report.

#### 28 Sep Demonstrations

SK290502 Pyongyang KCNA in English 1509 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--More than 20,000 students of Yonsei and Koryo universities stormed through streets Friday, singing songs containing anti-"government" slogans, according to a radio report from Seoul.

When they reached (?the Sinsadong) crossroads in Kangnam district at seven thirty p.m. fascist police madly fell upon them.

The angry students furiously pelted stones at the police.

The demonstration paralyzed traffic in nearly all parts of Yongdong in Seoul and drove the South Korean puppets into confusion.

KCNA 30 Sep Reportage

SK300608 Pyongyang KCNA in English 0516 GMT 30 Sep 85

[Text] Pyongyang, 30 Sep (KCNA)--A large number of students of 18 universities and figures of various circles in South Korea, waged an anti—"government" struggle on September 25 and 26, according to South Korean newspaper reports.

More than 1,800 students of 14 universities of South Korea including Seoul, Yonsei, Koryo, Hanyang, Sukmyong Women's universities and Seoul Women's and Hansong colleges on September 25 held anti—"government" demonstrations chanting the slogans "Withdraw the campus stabilisation law", "Let us win democratic reforms", "Release detained students" and so on.

On September 26, many students including over 1,000 students of Tongguk University in Seoul waged a demonstration shouting the slogans "Recognise the rules of the student councils" and "Enforce democratic constitutional revision."

About 80 figures including professors and men of culture held "the 7th evening of national literature" in Seoul on September 26 and gave lectures on "Validity of popular education," "Suppression of democratic press and reality of the nation," etc.

On September 25, more than 40 members of the Christian Farmers Association scattered about 1,000 copies of printed materials to Seoul citizens and shouted slogans demanding the puppet authorities "the payment of compensation for cows of farm houses and halt to introduction of foreign agricultural and live-stock products".

CSO: 4100/004

INTER-KOREAN AFFAIRS

BRIEFS

UN RESOLUTION ON KOREA--Pyongyang, 30 Sep (KCNA)--The resolution on the Korean question adopted at the 30th session of the United National General Assembly must be implemented, demanded the International Committee of Jurists for Democracy and Human Rights in South Korea in its statement dated September 20. The statement says: The United States has shipped a large quantity of nuclear weapons into South Korea, while steadily strengthening its military occupation there. The UN flag is abused for the justification of this military occupation of the United States. The United States still fails to respond to negotiation with the Democratic People's Republic of Korea for signing a peace agreement. The South Korean authorities continue to pursue a repressive policy against the people calling for peace and reunification. The International Committee of Jurists for Democracy and Human Rights in South Korea calls upon the world jurists, national and international law organisations and delegates of all countries attending the 40th session of the UN General Assembly to put forward various proposals for the solution of the Korean question so that the resolution of the 30th UN General Assembly can be implemented. [Text] [Pyongyang KCNA in English 0448 GMT 30 Sep 85 SK]

CALL FOR SIMULTANEOUS UN ENTRY--Officials at the Ministry of Foreign Affairs yesterday welcomed Shultz's call for admitting both South and North Korea to the United Nations. A ranking ministry official said that he agreed with Secretary Shultz that simultaneous entry of the South and North Korea to the world body would help reduce tension on the peninsula. Official comment by the ministry was not immediately available. [Text] [Seoul THE KOREA HERALD in English 25 Sep 85 p 1]

CSO: 4100/001

OLYMPIC GAMES

FOREIGN SUPPORT FOR OLYMPICS CO-HOSTING PROPOSAL

Swiss Progressive Groups

SK270513 Pyongyang KCNA in English 0451 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--Georg Degen, general secretary, and Eduard Hafner, member of the Central Secretariat, of the Swiss progressive organizations, supported the proposal of the Democratic People's Republic of Korea that the 24th Olympic Games be cohosted by the North and the South of Korea.

In a message of solidarity sent in joint name to the Central Committee of the Workers' Party of Korea, they said:

Our party received with great disappointment the decision of the International Olympic Committee.

It was only too clear that the Olympic Games will be used in supporting the South Korean military "regime" and justifying U.S. forces' occupation of South Korea.

We also think that if the Olympiad is held in Seoul, the division of Korea will be continuously fixed and perpetuated.

We resolutely denounce such attempts.

We regard your proposal to hold the 1988 games in the North and the South of Korea as a very constructive one to make the idea of the Olympics and the games an occasion of friendship and understanding.

We think if this proposal is realised, this will greatly contribute to the peaceful and independent reunification of Korea.

We, therefore, support the proposal to call the 1988 Olympic Games [words indistinct] Olympiad" or "Korea Pyongyang-Seoul Olympiad" and hold the games in Pyongyang and Seoul.

We also think it is a good proposal to form a single team of the North and the South of Korea.

We assure you that we will continue to support the Korean people's endeavors to achieve the independent and peaceful reunification, their important task.

PRC Support

SK240552 Pyongyang KCNA in English 0521 GMT 24 Sep 85

[Text] Beijing, 22 Sep (KCNA)--The proposal put forward by the Democratic People's Republic of Korea that the 1988 Olympic Games be cohosted by the North and South of Korea is an initiative worthy of deep consideration.

Zhong Shitong, chairman of the Chinese Olympic Committee, says this in his letter dated September 19 sent to Samaranch, president of the International Olympic Committee, in connection with the 24th Olympiad.

If this proposal is realized it would be favorable for the amelioration of the situation on the Korean peninsula and the peaceful reunification of Korea and for the solution of the problem facing the Olympic Games at present, the letter notes.

The letter hopes that the International Olympic Committee will make efforts so that the Lausanne talks between the North and South of Korea will achieve affirmative success.

Norwegian Communist Party Support

SK250431 Pyongyang KCNA in English 0424 GMT 25 Sep 85

[Text] Pyongyang, 25 Sep (KCNA)--The Norwegian Communist Party supports the proposal of the Democratic People's Republic of Korea that the Olympic Games be cohosted by North and South.

The Central Committee of the Norwegian Communist Party says this in a statement supporting the DPRK proposal for the cohosting of the 24th Olympiad by North and South.

Noting that this proposal will contribute to upholding the original idea of the Olympic movement and promoting friendship and peace among all countries, the statement says:

The attempt to hold the 1988 Olympic Games in Seoul is part of the political intrigue to render the situation on the Korean peninsula more strained. If the Olympiad were held singlehandedly in Seoul, it will result in dividing the Olympic movement.

If North and South cohost the Olympic Games and participate in it by forming a single team, this will be a big advance in promoting dialogue and trust between North and South.

Indian CP Support

SK260521 Pyongyang KCNA in English 0457 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--The Communist Party of India expressed support to the proposal of the Democratic People's Republic of Korea that the 24th Olympic Games be cohosted by the North and the South of Korea.

M. Farooqi, secretary of the National Council of the Communist Party of India, in a message of solidarity to the Central Committee of the Workers' Party of Korea, says:

We received with pleasure your letter on the 24th Olympic Games.

We are aware of the U.S. imperialists' insidious plot to use the Olympiad in improving the image of the South Korean puppets and having them respected internationally.

We fully support the proposal advanced by Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, and the content of your letter. This is a very constructive proposal and a desire to defend the dignity and tradition of the international event. This also accords with the interests of the entire Korean people for the relaxation to tension and for national reunification and peace.

We will demand our national Olympic committee to pursue the same purpose.

Dear comrades, we assure you that we will continue to exert our efforts to further strengthen the fraternal relations existing between our two parties.

International Liaison Committee

SK271022 Pyongyang KCNA in English 1007 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--Guy Dupre, secretary general of the International Liaison Committee for the independent and peaceful reunification of Korea, in his letter dated September 13 to the president of the International Olympic Committee expressed support to the DPRK's proposal for the co-hosting of the Olympic Games.

Supporting and hailing the press statement of a vice-premier of the Administration Council of the Democratic People's Republic of Korea proposing that the 24th Olympic Games be co-hosted by the North and the South of Korea, Guy Dupre stressed:

Our committee calls upon all forces of the world to strive for the independent and peaceful reunification of Korea and make positive efforts to save the **Olympic movement from the crisis**.

Our committee believes that a decision would be adopted on holding the 24th Olympic Games in Pyongyang and Seoul and forming a single team of North and South to participate in the games in the interest of friendship and peace among nations and the Olympic movement.

International Progressive Association

SK281008 Pyongyang KCNA in English 1002 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--The International Progressive Organisation in Austria urged the International Olympic Committee to reconsider the decision on the venue of the 24th Olympic Games and accept the proposal that the 24th Olympic Games be cohosted by the North and the South.

The International Progressive Organisation held this in a letter dated September 13 sent to Samaranch, president of the International Olympic Committee.

The letter says:

If the 24th Olympiad is held only in Seoul, it will produce political consequences unfavorable for the reunification of Korea.

We consider that the Olympiad must never cause a political problem or never be used by any political group in accordance with the Olympic Charter.

Therefore, the only way to successfully hold the Olympiad in divided Korea is to let the North and the South of Korea cohost it.

The International Progressive Organisation fully supports this proposal of the Democratic People's Republic of Korea.

If the 24th Olympiad is held in Seoul, the International Olympic Committee will lose its authority once again.

Cuban Foreign Minister

SK290934 Pyongyang KCNA in English 0831 GMT 29 Sep 85

[Text] Pyongyang, 29 Sep (KCNA)--According to a report, Cuban Foreign Minister Isidoro Malmierca, referring to the Korean question in his speech at the plenary meeting of the 40th session of the UN General Assembly, said:

We hail the efforts of the Democratic People's Republic of Korea to achieve the peaceful reunification of the country without any foreign interference through dialogue and negotiations between North and South on the three principles of independence, peaceful reunification and great national unity laid down in the July 4 North-South joint statement of 1972.

The peaceful reunification of Korea must be achieved unconditionally through the U.S. forces' withdrawal from South Korea.

We cannot but express concern about the step taken to have the forthcoming Olympic Games held in a part of Korea, that is, South Korea.

Such a step contradicts the spirit of the Olympiad, desires for amity and friendship among the peoples and mutual understanding embodied in the spirit of the Olympiad.

We hold that the Olympic Games should be held simultaneously in the whole of the Korean peninsula, the North and the South of Korea, in order to save the Olympic movement and contribute as much as possible to the peaceful reunification of Korea and understanding between the two parts of Korea.

World Progressive Group

SK300515 Pyongyang KCNA in English 0444 GMT 30 Sep 85

[Text] Pyongyang, 30 Sep (KCNA)--The International Progressive Organisation expresses full support to the proposal for letting the North and South cohost the 24th Olympic Games, naming it "Korea Olympic Games" or "Korea, Pyongyang-Seoul Olympic Games", holding a half of the games in Pyongyang and the other half in Seoul and forming a single team of North and South.

This was declared by Hans Koechler, chairman of the Austria-based International Progressive Organisation, in his solidarity message to the Central Committee of the Workers' Party of Korea supporting the DPRK's co-sponsorship proposal.

Noting that the proposal was an important measure for smashing the imperialists' scheme against the Korean people, the message stressed:

The International Progressive Organisation considers that, if the Olympic Games are held only in Seoul, they will give rise to dangerous political problems and will be put on the altar of the ridiculous "two Koreas" theory.

If the Olympic Games are held under the co-sponsorship of the North and South of Korea, they will make an important contribution to the cause of national reunification.

We express firm solidarity with the Korean people in their just struggle for national reunification.

CSO: 4100/004

S.KOREA/POLITICS AND GOVERNMENT

DAILY HOPES BUSH'S BEIJING TRIP PRODUCTIVE

SK110140 Seoul THE KOREA HERALD in English 11 Oct 85 p 4

[Article: "Bush's Beijing Trip"]

[Text] U.S. Vice President George Bush, who will be making a six-day trip to China from Sunday, has said he expects "vigorous discussions" there about the situation on the Korean peninsula. We can't help being interested in such discussions, as the creation of a favorable international environment will certainly help our efforts to attain peaceful solutions to Korea's territorial division.

Notable is the fact that Bush's talks with the Beijing leadership on the Korean peninsula will follow by less than a month similar ones held in Moscow between high-ranking officials of the United States and the Soviet Union. At the Moscow talks, Paul Wolfowitz, U.S. assistant secretary of state for East Asian and Pacific affairs, discussed with Soviet Deputy Foreign Minister Mikhail Kapitsa the Korean peninsula as a potential trouble spot.

After his trip to Moscow, Wolfowitz said that the security threat to the region is largely attributable to the Soviet military buildup and Soviet allies such as North Korea. At the Moscow meeting, he said, both sides were wide apart on how to go about reducing tensions on the peninsula.

Vice President Bush reportedly said that Beijing is much interested in a peaceful solution to the Korean issue, though its stance on how to proceed differs somewhat from America's. Arousing our attention is Bush's statement that he believes China is concerned about "some of the recent changes" on the peninsula. Obviously he was referring to Pyongyang's tilt toward Moscow from its previous close link with Beijing.

Undeniably, North Korea's closer ties with the Soviets, that have become conspicuous since last year with the latter's supply of up-to-date military equipment such as MiG-23s to the former, is an important factor in shaping the political and security milieu in the Far East.

Our concern is that such developments might work against peaceful settlement of the Korean issue, even if Beijing and Moscow are genuinely interested in

producing such a solution. As it has done so far, the Pyongyang regime is certainly inclined to take advantage of such moves. It will seek all available gains from that trend, particularly by making the most of the Sino-Soviet rivalry over the North.

The big powers need to guard against the schemes of Pyongyang, whose real intent with the current inter-Korean dialogue is to pursue official relations with the West, especially Washington, rather than seeking tangible, constructive results for improved inter-Korea relations through the dialogue itself.

They are asked to render their support for producing realistic, workable solutions to the problems with the Koreans playing a self-determining role. Otherwise, all would prove to be no more than a power play, in which case the situation would only deteriorate.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

REPORTAGE ON PEACEFUL TRANSFER OF POWER

Chon on Relations With Japan

OW120655 Tokyo KYODO in English 0645 GMT 12 Oct 85

[Text] Seoul, 12 Oct (KYODO)--South Korean President Chon Tu-hwan said Saturday that he will ensure that there is a peaceful transfer of power when his presidency expires in 1988.

Chon, in a 1986 policy statement at the National Assembly, expressed his firm resolution to fight against any factors that stand in the way of the power transfer, pointing to possible major obstacles such as political agitation, extreme violence and confrontations.

His remarks will undermine the position of opposition parties who are calling for revision of the constitution in the hope of changing the existing presidential election system into a sort of peoples' vote, Korean sources say. Chon was indirectly elected for a seven-year term by the presidential electoral college. After his inauguration in March 1981 the college, which had 5,278 members, was dissolved.

Chon's speech implied that he will not be able to step down from the presidency unless a peaceful transfer of power is assured, the sources said.

Kim Yong-sam, chairman of the Council for Promotion of Democracy (CPD), warned earlier this week that if Chon refuses to revise the election system, there might be an upheaval or a military coup d'etat.

Chon also said in the statement that he wants to talk to his North Korean counterpart, President Kim Il-song, to seek ways to revitalize North-South Korean relations.

Regarding foreign policy, Chon repeated the necessity of improving South Korea's relations with the Soviet Union and China.

He also touched on relations with Japan, referring to a desire to increase transfers of technology and improve the legal status of Korean residents in Japan.

DJP Vows To Realize Government Change in 1988

SK150220 Seoul THE KOREA TIMES in English 15 Oct 85 p 1

[Text] Rep No Tae-u, chairman of the ruling Democratic Justice Party, made it clear yesterday that the DJP will establish a tradition of change of government in 1988 with out fail.

He declared in a National Assembly speech that the DJP's will to realize the power transfer under the current Constitution is solid. [as published]

He stressed that the party will safeguard the basic law faithfully which prevents the long-term seizure of power by one man (against the opposition camp's demand for a revision).

"We have never seen any chief executive in the past stepping down after their official terms ended without amending the Constitution," he recalled.

"Past rulers were in the habit of extending their grip on power by rewriting the Constitution through unreasonable means," he pointed out.

This evil habit had increased people's distrust of the government and politics and had triggered extreme confrontation between ruling and opposition parties, having often shaken the national foundation, he said.

"The current Constitution was made in compliance with the people's long-cherished desire that this evil practice of the past constitutional history should be never repeated," he stressed.

However, the DJP chairman noted that the goal of achieving the constitutional change of government could not be attained only with the will of the ruling party to do so.

"I think that the goal can be accomplished smoothly when the ruling party's will is harmonized with the cooperation of the opposition party and the people," he said.

Then, he denounced opposition parties, claiming that they are insisting on the revision of the Constitution, as if it were the solution to all problems, ignoring the significance of the constitutional change of government."

"What is to be pointed out at this momemtn is the fact that the opposition camp has not enough House seats to initiate a draft revision bill of the Constitution," he said.

"I'd like to ask them whether they are attempting to mobilize illegal means, neglecting parliamentary procedures, in order to attain their goal," he argued.

He went on that "all of us have to broaden the scope of compromise, concession and harmony with each other, keeping in mind that we are in the same boat."

Referring to economic issues, the DJP leader said that all the people, especially the wealthy, should strive to live frugal lives in order to tide over the economic difficulties that presently face the nation.

"Before blaming the U.S. protectionism and pressures to open Korean markets, we have to double our efforts to strengthen our economic capability."

"Indiscreet luxurious living and the anti-social behavior of some people in the wealthy class must be restrained," he said.

As to campus problems, he said that the DJP would exert its utmost efforts to help professors restore their authority and teaching rights.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

YI MIN-U SAYS DEMOCRATIZATION ONLY WAY TO SOLVE PROBLEMS

SK150115 Seoul THE KOREA TIMES in English 15 Oct 85 p 1

[Text] Rep Yi Min-u, president of the major opposition New Korea Democratic Party, stressed yesterday that the revelation of the democratization schedule by the government is the only way to solve all political, economic and social problems.

He then urged the ruling Democratic Justice Party to comply with the NDP's demand to form a special committee on the Constitution revision to prove its will to democracy.

In a National Assembly speech on overall state affairs, he accented that the president should be elected directly by the people.

He argued that the present government was created "in a total absence of people's consent." "Historically speaking, it was a government that should not have appeared and its birth itself was a misfortune and tragedy for the people," he said.

Pointing out that the government holds out the "peaceful power transfer" as a cause to keep the Constitution intact, he asserted that it should not mean the "inheritance of power" within the DJP.

He declared, "If the government and DJP reject the formation of the committee, our party will bring to light the undemocratic nature of the current regime by directly ascertaining the people's will."

As to the indictment of Reps Pak Chan-chong and Cho Sun-hyong of the NDP for inciting student unrest, the NDP for inciting student unrest, the NDP leader deplored the present political climate under which politicians ask the government to take legal action against fellow lawmakers.

Yi also prodded the DJP and the government to stop seeking to cover up the loophole of air-defense posture which was exposed by the crash-landing of a Chinese light bomber in Iri, Cholla-pukto, in August.

"If the government tries to deceive the people, they cannot entrust it with the national security on which their lives depend," Yi noted.

Yi also expressed his grave worries over the inflation of criminal penalties, warning that such practices would only bring on adverse effects of impeding social stability.

Revealing that there are now about 1,200 prisoners who have been sentenced to life imprisonment or death, he maintained that it has resulted from the various undemocratic evil laws enacted by the current government and the harshness in law enforcement.

He alleged, for example, that a student was given a seven-year prison term for violating the Law on Assembly and Demonstration while many Korean independence fighters were jailed for only three years by Japanese colonial courts.

Turning to the trade frictions with the United States and Japan, Yi attributed Korea's weakening of negotiator [word indistinct] with foreign countries to the people's declining support for the current government.

He referred to the U.S. pressures for more access of its products to the Korean market and Japan's "blatant demand" for Korea's self-regulation on the textile exports.

"I do not believe that the pressures from foreign nations have nothing to do with the government reputation in its morality and legitimacy in international society," he said.

He went on, "The weakened hand in international negotiations has encroached upon the people's self-esteem and the national profit."

"Therefore," he said emphatically, "the only way for the government to compensate for all the losses which were brought from its abnormal birth is by making public the schedule of the democratization of the nation."

Yi warned against the danger that those in power can take advantage of the ongoing inter-Korean dialogues for their own political purposes, stressing that unification should be based on the national consensus.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

KNP CALLS FOR DIRECT PRESIDENTIAL ELECTION

SK150225 Seoul THE KOREA TIMES in English 15 Oct 85 p 1, 5

[Text] Rep Yi Man-sop, president of the second opposition Korea National Party, demanded that the Constitution be revised, for the direct election of the president to pave the way for a true, peaceful transfer of power.

He told the National Assembly yesterday, "I strongly call upon the ruling and opposition parties to make political efforts to install a special committee for deliberation on constitutional revision, within this regular House session."

Yi also urged President Chon Tu-hwan to prepare during his remaining term for a peaceful transfer of power so that political development could be stable.

"President Chon should leave office without fail after finishing her term, as he has promised to do again and again," Yi said, adding that he believes in President Chon's firm determination.

Urging politicians to "create an atmosphere" to this end, Yi said that radical opposition party leaders should not give the other side (the ruling camp) an excuse for a political vicious circle.

He was referring to the opposition party leaders' demand that President Chon resign from the presidency before the end of his term.

Yi said, "All political problems, including constitutional revision, should be solved according to reason, not through confrontation, but through dialogue."

He elaborated that all political issues should be settled in the parliament.

Asserting that a true "politics through dialogue" must be based on tolerance by the majority, respecting the minority, Yi said, "The ruling party should abandon the posture of going its own way, by force."

He pointed out that the nation is facing such vital issues as people's livelihood, the Seoul Olympics in 1988, South-North relations and market-opening pressure from the United States, as well as a peaceful transfer of power.

Yi warned that "political retaliation should not be taken, whoever may become the next president."

Analyzing that the problems concerning the campus are not ascribable to the campus alone, Yi urged again that a special committee be formed in the Assembly to solve the problems basically.

As for the economy, Rep Yi said that a national council for deliberation on economic measures needs to be established to cope, based on national consensus and unity, with the current economic crisis.

Criticizing the government's expansion policy, which was reflected in next year's budget bill, Rep Yi also maintained that the budget should be curtailed and rearranged, to a reasonable scale.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

PARTY FLOOR LEADERS AGREE TO NORMALIZE ASSEMBLY SESSION

SK080007 Seoul THE KOREA TIMES in English 8 Oct 85 p 1

[Text] The ruling Democratic Justice Party and the major opposition New Korea Democratic Party yesterday agreed to normalize the long stalled regular National Assembly session on Thursday.

The accord was reached in a meeting of floor leaders of the two parties 18 days after the regular House session was stalled immediately following its opening on September 20.

In their meeting over dinner at a Seoul restaurant Reps Yi Se-ki of the DJP and Kim Tong-yong of the NDP narrowed the wide differences on their parties' positions on the affairs regarding Reps Pak Chan-chong and Cho Sun-hyong both of the NDP.

The regular House session was stalled in connection with the case of the two NDP lawmakers who were indicted on suspicion of "agitating students demonstrations."

The rival parties will officially make public the normalization of the regular fall session in the form of a joint announcement in a meeting of floor leaders and vice floor leaders of the three major political parties, including the second opposition Korea National Party, this morning.

They will give a final touch to the wordings of the joint announcement, especially on the matter of the two NDP lawmakers.

After the meeting, Rep Kim revealed that he demanded his DJP counterpart Rep Yi to add a phrase in the joint announcement that the whips of rival parties make "best efforts" to prevent the deterioration of the affairs of the two lawmakers in compliance with the agreement between representatives of the two parties made on September 25.

However, Rep Yi insisted that "best efforts" should be replaced by "sincere efforts."

The two floor leaders also tentatively agreed on the operational schedule of the House sitting.

The agenda items will be divided in five categories--politics, diplomatic and defense affairs, economic 1, economic 2, and social affairs, according to the tentative accord.

The interpellation session will be held for about eight to nine days next Tuesday and the election of the chairman of the Steering Committee and a vice National Assembly speaker will be followed immediately.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

YI CHOL OF NKDP SUBMITS QUESTIONNAIRE ON POLICIES TO ASSEMBLY

SK110122 Seoul THE KOREA TIMES in English 11 Oct 85 p 4

[Text] Rep Yi Chol of the major opposition New Korea Democratic Party yesterday submitted a 900-point questionnaire covering a wide range of administration policies to the National Assembly secretariat.

The ex-student activists who started his parliamentary career last February with an unexpected election victory in Seoul demanded almost all the government offices, ranging from the premier's office to the Supreme Court to answer to the heavy volume of questions.

At one point, he asks what sort of instruments are used for investigation and interrogation by the National Security Planning, the Armed Security Command and the National Police Headquarters.

Rep Yi also wants to know the size and equipment of the facilities for investigation at the three authorities and their intelligence activities at the National Assembly. He asks about the censorship on postal matters and other means of communication.

The detailed list of instruments purchased by the Home Ministry to combat students' demonstrations including the names of tear-gas manufacturers is on the questionnaire too.

The lawmaker presents a score of questions related to the Saemaul Undong (New Community Movement) and its headquarters headed by the President's brother Chon Kyong-hwan.

The questions in this part include the scale of budget asked by the Saemaul headquarters for fiscal 1986, the list of foreigners invited by the headquarters during 1983-1985 and the money spent on them.

Under the parliamentary law, lawmakers may file a questionnaire to the government with the consent of 20 or more fellow parliamentarians. Rep Yi attached the signatures of 26 NDP lawmakers to his questionnaire.

The government should present answers orally or in the written form within 10 days. If it fails to answer the questions, the government should notify the National Assembly of the reasons for the failure.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

NKDP MEMBERS AGAINST KIM YONG-SAM-JSP AGREEMENT

SK081011 Seoul YONHAP in English 0918 GMT 8 Oct 85

[Text] Seoul, 8 Oct (OANA-YONHAP)--Senior members of the opposition New Korea Democratic Party's (NKDP's) non-mainstream faction Tuesday criticized opposition politician Kim Yong-sam's recent agreement with the chairman of the Japan Socialist Party (JSP) to arrange exchanges between the two parties.

Yi Chol-sung, Kim Chae-kwang and Sin To-hwan said that Kim's agreement with JSP chairman Masashi Ishibashi goes against the NKDP's policy and that it is absurd, because Kim is not a member of Korea's main opposition party.

"It is inconceivable that a traditionally anti-communist party like the NKDP would initiate exchanges with the JSP, which does not recognize the legitimacy of South Korea and alleges that South Korea started the Korean War," Yi said during the NKDP's political affairs council meeting Tuesday.

Although opposition parties in the United States and Japan can conduct diplomacy to help their governments, the continuing confrontation between Seoul and Pyongyang precludes the NKDP from doing so, Lee said.

Kim acted as if he were head of the party when he met with Ishibashi early this month in Tokyo, Yi said.

Although Kim is not a member of the NKDP, he and Kim Tae-chung have significant influence over party affairs. The two Kims are co-chairmen of the Council for the Promotion of Democracy, a dissident organization.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

CLASH SEEN AMONG PARTIES OVER CONSTITUTION REVISION

SK110105 Seoul THE KOREA TIMES in English 11 Oct 85 p 1

[Text] The regular National Assembly session was normalized yesterday after a 20-day stall and rival parties are bracing themselves up for a major clash over the opposition-demanded revision of the Constitution.

The opposition New Korea Democratic Party and Korea National Party presented separate resolutions calling for the establishment of a special House committee for deliberation on constitutional amendment in June.

The NDP and the KNP claim that the basic law should be rewritten to enable the people to elect the president by their own votes instead of through election by an electoral college.

But, the ruling Democratic Justice Party holds fast to its stance that the current Constitution should be defended at any cost.

Inter-party disputes over the issue will begin from Monday when representatives of the three parties make speeches about overall state affairs in a plenary session.

The battle between the ruling and opposition forces over the matter will add fuel during the interpellation session which begins from Tuesday through October 23.

In preparation for the crucial showdown, each party discussed floor strategies in separate meetings of party officials, and in a caucus of lawmakers, yesterday.

DJP lawmakers renewed their firm will to protect the Constitution, resolving that they will vote down the resolution of the opposition parties on the special committee after "sufficient deliberation" at the Steering Committee.

In a caucus, the DJP decided to counter their opposition counterparts' claims for the constitutional revision having their own theory on why the basic law should be protected.

The DJP lawmakers also decided to lay major emphasis on handling matters concerning the public livelihood and economic issues, while weakening the opposition camp's offensives for the constitutional revision.

The passage of next year's budget bill within the legal deadline set for December 2 is one of the main goals of the DJP because the House wasted 20 days of its 90-day regular session.

Economic issues on which the DJP plans to concentrate, among others, include the recent U.S. trade pressures on Korea and protectionism of advanced countries.

NDP lawmakers vowed in a caucus that they will concentrate all energies on revising the Constitution which was forcibly adopted for the election of an "unofficially-chosen ruler" as official ruler.

They also resolved to unite firmly with each other to realize amnesty for Kim Tae-chung. They recalled that party leaders had agreed to "make joint efforts" for Kim's amnesty in the inaugural session of the House.

The opposition lawmakers further vowed that they will launch an intensive struggle to revise "undemocratic evil laws" such as the Basic Press Law and Law on Assemblies and Demonstrations.

In the caucus, they demanded the immediate release of students who, they claimed, were sent to prison because they wanted to see democracy.

At the same time, they claimed that the current Cabinet led by Prime Minister No Sin-yong should resign, taking responsibility for the "deterioration of national economy." Otherwise, the NDP will submit no-confidence motions against all Cabinet members.

With regard to the controversial transfer of some judges to rural areas, the NDP is seeking to impeach Chief Justice Yu Tae-hung during the regular session.

Meanwhile, the first-day session of the normalized House featured a report of the Assembly delegation to the preliminary contact with northern delegation for the proposed inter-Korean parliamentary conference held in Panmunjom on September 25.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

STUDENTS IN ITAEWON RALLY TO GET SEVERE PUNISHMENT

SK150053 Seoul THE KOREA HERALD in English 15 Oct 85 p 8

[Text] The prosecution has decided to take a tough stand on those college students who demonstrated in Seoul's Itaewon District against the recent IBRD/IMF meetings for having allegedly damaged the nation's "prestige," prosecution sources said yesterday.

The measure was in line with its policy to mete out severe punishment not only to those who mastermind activities designed to appeal internal issues to foreigners but also those who actively cooperate with such deeds.

Under the decision, the Seoul District Prosecutor's Office arrested, with warrants, five students of Korean University yesterday and sent six others who took part in the Itaewon demonstration to a summary court on charges of violating the law governing assemblies and demonstrations. The six students were later sentenced to detention for 20 to 25 days by the summary court.

The prosecution was searching for two other Korea University students who allegedly played an active role in the brief demonstration in Itaewon, widely reputed as a shopping district for foreigners, around 5 p.m. last Monday.

It was reported earlier that foreigners in Itaewon at the time were troubled by tear gas fired by police to disband the demonstrators.

Even though a small number--about 50 students--were involved in the street demonstration, the sources said, the prosecution has decided to deal harshly with them as they have damaged the nation's "prestige" among IBRD/IMF meeting participants.

The students therefore deserve as harsh a punishment as that given to the "intrusion" of the USIS library in Seoul last May, said the sources.

They added that 66 Itaewon shop owners sent complaints to police that they had suffered a business setback as a result of the protest, which reportedly lasted about five minutes.

Those arrested include Pak Myong-hwa, a 22-year-old coed, Chong Yong-sop, a junior specializing in philosophy, and Pak Chan-tong, a German-literature major. Miss Pak was said to have organized the protest.

Seoul Metropolitan Police Headquarters, meanwhile, directed police in the capital to step up their efforts to apprehend a total of 81 students who are being sought on suspicion of masterminding a series of demonstrations before and during the IBRD/IMF conference last week.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

NO TAE-U CLAIMS OPPOSITIONISTS AGITATING STUDENTS

SK150144 Seoul THE KOREA TIMES in English 15 Oct 85 p 4

[Text] Rep No Tae-u, chairman of the ruling DJP, was all out to attack the opposition camp's demand for the revision of the Constitution in his speech at the plenary session of the National Assembly yesterday.

He said first of all, "To my deep regret, I again found today that there is an exorbitant gap between the ruling and opposition parties in seeing the current political situation of the nation."

Then, he argued: "Politicians elected to the Assembly are enjoying all rights granted by the Constitution. However, opposition politicians tend to deny the Constitution.

"This is a serious selfcontradiction."

He also said that opposition lawmakers "are calling for the democratization of the nation, as if it were their own monopolized goal."

"Let's not bring disgrace to the noble world, democratization, any more," he said.

He further claimed that opposition lawmakers are scheming to agitate citizens and students in an attempt to give rise to social chaos and people's distrust of the government.

During his speech, No used the words, "constitutional change of government," instead of the previous trade-mark words, "peaceful transfer of power."

Party officials explained that the words were changed merely because the "transfer of power" may imply shifting power from one party to another.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

POLICE SAY OVERSEAS FUNDS SUPPLIED TO RADICAL STUDENTS

SK080021 Seoul THE KOREA TIMES in English 8 Oct 85 p 8

[Text] Investigation is under way on the inflow of funds from overseas to radical student activists, authorities disclosed yesterday.

Pak Pae-kun, director of the National Police Headquarters, told members of the "Special Committee on Campus Problems" of the ruling Democratic Justice Party that some domestic individuals and organizations were suspected of supplying funds to students.

However, he did not elaborate, according to Rep Yi Min-sop, who attended the briefing session.

Yi quoted Pak as testifying at the meeting that "the campus situation in the current second semester will not become worse than in the first semester."

"Although student demonstrations increased a little during the second semester of this year compared with the same period of last year, the number of students joining demonstrations decreased" Pak was quoted as saying.

Pak revealed that demonstrations occurred on 194 occasions at 62 colleges and universities in the second semester, this year, compared with 179 at 56 universities last year.

But, the number of total participants decreased to 35,000 from last year's 40,000, according to Pak.

Instead, radical student activities tended to become more extreme and to go underground, Pak was quoted as telling the DJP lawmakers.

The chief police officer also said that damage from student demonstrations has been drastically reduced because they were blocked by police forces on the campus, the DJP lawmaker said.

The time needed for police control of the demonstrations was shorter in the second semester and the use of tear gas has been drastically curtailed, by about two thirds, Pak was quoted as saying.

Pak further told the DJP lawmakers that "a sound student movement to create a learning atmosphere on campus has been invigorated in the second semester at each university."

During the session, DJP lawmakers asked authorities to make more efforts to help parents take a lead in creating an academic atmosphere.

They also asked authorities to cut off the inflow of funds to help radical students from outside the campus.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

UNIVERSITIES CONSIDERING HEAVY PUNISHMENT FOR USIS OCCUPIERS

SK040152 Seoul THE KOREA HERALD in English 4 Oct 85 p 8

[Text] Five universities in Seoul are expected to take heavy punitive measures against those of their students who were convicted in a trial Wednesday for leading the seizure of the USIS library late last May, school officials said yesterday.

The five universities--Seoul National, Korea, Yonsei, Sogang and Songkyungwan--have so far been hesitant to impose academic penalties against students involved in the sit-in protest at the U.S. facility.

All 20 defendants from the five universities in Seoul were found guilty and were sentenced to prison terms ranging from two to seven years.

School officials said that a majority of the students would be expelled from school.

Seoul National University (SNU) sources said that the university would soon decide on the punitive measures against its eight students involved, including Ham Un-kyong a physics major and former SNU branch chairman of the radical student group called "Sammintu."

Last July, the state-run university had decided to suspend the eight students from school for an indefinite period.

However, the "light" penalties against the students allegedly led to the replacement of SNU president Yi Hyong-chae in late July.

The Ministry of Education instructed the universities to expel students who are convicted of law-breaking.

In accordance with the instructions, the school sources said, the students will inevitably be expelled from school by disciplinary committees soon to meet.

Yonsei University officials said that its four students including Pak Chong-ha, a senior, are likely to be similarly punished with those students who were

disciplined for their involvement in a sit-in at the ruling Democratic Justice Party headquarters building in November last year.

The four students involved will be expelled from school indefinitely, the school officials said.

Korea University evinced a similar stance regarding disciplinary actions against its four students including Sin Chong-hun and Kim Yong-su.

The private school will impose academic penalties against the four students, following the precedent of the students who were punished for their role in the sit-in at the DJP building last year, school officials said.

Sogang University which has only one student involved is still hesitant to decide on disciplinary action against No Kwang-ho, a senior majoring in physics.

CSO: 4100/012

S.KOREA/POLITICS AND GOVERNMENT

BRIEFS

NKDP-JSP EXCHANGES 'HIT'--The Council for the Promotion of Democracy yesterday criticized the ruling Democratic Justice Party's statement last Saturday denouncing the reported agreement on the exchange of delegations between the main opposition New Korea Democratic Party and the Japan Socialist Party. CPD spokesman Han Kwang-ok said in a statement, "It is self-contradictory for the ruling party to reproach us on contacts with the Japanese Socialist Party, as the government has been promoting direct "political" dialogue with Communist countries." Rep Sim Myong-po, spokesman of the DJP, warned that such exchanges will benefit the North Korean regime in its efforts to communize South Korea. CPD co-chairman Kim Yong-sam, who has been virtually in control of the NDP, and Masashi Ishibashi, chairman of the JSP, held a meeting last Friday in Tokyo where they agreed on exchanges between the two parties. [Excerpt] [Seoul THE KOREA TIMES in English 8 Oct 85 p 1 SK]

STUDENT ARRESTS--Seoul's Kangdong Police Station yesterday arrested Ham Chin-suk, a senior at Korea University, in connection with recent street demonstrations. Miss Ham was charged with leading some 40 students in demonstrations on Friday before the KorAm Bank branch in Chonho-dong, eastern Seoul. Police also arrested two student leaders for staging on-campus demonstrations at their respective schools. The two are Yi Chi-in, a senior at Kyunghee University in Yongin, and Yun Ok-sun, a senior at Seoul Women's College. [Text] [Seoul THE KOREA TIMES in English 8 Oct 85 p 8 SK]

7 YEARS FOR STUDENT ACTIVIST--The prosecution yesterday demanded a seven-year prison term for Yi Song-poing, vice president of the Korea University's student council, on charges of violating the Law on Assembly and Demonstration. The jail term is the maximum available under the law which bans unauthorized assemblies and rallies. In a trial in a Seoul courtroom, prosecutor Yi Sa-chol sought the prison term against the 22-year-old senior on charges that he played a leading role in organizing the National Federation of Student Associations (NFSA) on October 5 last year. Yi, 22, is also accused of having led a series of antigovernment demonstrations on and off his campus during the spring semester. Those demonstrations included one in which he supported the May 23-26 seizure of the USIS library in Seoul by a group of 73 college students, according to the indictment. Prosecutors earlier said the seizure was plotted by key members of the Sammin Struggle Committee, a sub-group of the NFSA. [Text] [Seoul THE KOREA HERALD in English 9 Oct 85 p 8 SK]

SNU LEAFLETS OPPOSE STUDENTS' STRUGGLE--More than 1,200 leaflets calling for the restoration of an "academic" campus atmosphere were found around the Seoul National University (SNU) campus yesterday morning, school officials said. The leaflets, published under the name "SNU democratic students," said that the struggles of many of their fellow students are ineffective and have not enjoyed society's support. Struggles which take the form of demonstrations should be avoided and more practical efforts promoting democratization launched in the future, the leaflets said. Meanwhile, about 1,000 printed materials carrying similar messages were found in the campus of Keimyong University in Taegu. [Text] [Seoul THE KOREA HERALD in English 11 Oct 85 p 8 SK]

SOGANG UNIVERSITY EXPELS DEFENDANT--Sogang University yesterday expelled No Kwang-ho, 21, a senior majoring in physics, from the school. No was one of the 20 defendants convicted recently in a trial stemming from the occupation of the USIS building in Seoul last May. [Text] [Seoul THE KOREA HERALD in English 11 Oct 85 p 8 SK]

STUDENTS PROTEST IMF-IBRD MEETING--Over 100 students of Korea University, holding torches, staged a street protest on a shopping street in Itaewon-dong, Seoul, around 5 p.m. yesterday, chanting slogans opposing the on-going IMF-IBRD meeting. The demonstration was dispersed in about five minutes in front of the Hamilton Hotel as riot police fired tear gas bombs. More than 1,000 foreigners who were shopping there, including participants in the international monetary conference, had to move themselves out of the area due to the tear gas. Some students attempted to set fire to a placard welcoming participants in the meeting, but they failed because of rain. The protest began as students, who were hiding themselves in alleys, stormed onto the street at the signal of a coed who was holding a jar containing petroleum. [Text] [Seoul THE KOREA TIMES in English 11 Oct 85 p 8 SK]

TWO SNU STUDENTS ACQUITTED--Seoul District Criminal Court yesterday acquitted two coeds of Seoul National University (SNU) accused of conspiring violent acts after they were caught by police Tuesday carrying a bottle of thinner and a megaphone in their bags. Judge Kim Tae-hui ruled that the fact that they were carrying the inflammable material at their school seniors' request cannot be construed that they conspired any violent act and so they could not be punished. The students, Miss Pak Hyon-chu and Pak Son-suk, both sophomores majoring in philosophy and English literature, respectively, were referred to a summary court after they were checked by riot police members near the Kwanghwamun intersection around 3:30 p.m. Tuesday. [Text] [Seoul THE KOREA HERALD in English 12 Oct 85 p 8 SK]

STUDENTS CALL FOR CONSTITUTION REVISION--Some 500 students from five universities in Seoul held a rally at Seoul National University (SNU) campus yesterday and made a resolution calling for joint struggles to realize the revision of the Constitution. In the resolution, the students said that they should unite with various off-campus antigovernment forces in the future struggle. After the rally, the student presented a short drama satirically commenting on the government's import policy and the justended IBRD/IMF conference in Seoul. The students were from SNU, Sungkyunkwan, Chungang, Dongguk and Sookmyung Women's universities. [Text] [Seoul THE KOREA HERALD in English 12 Oct 85 p 8 SK]

ASSEMBLY VICE SPEAKER CANDIDATE--The ruling Democratic Justice Party expects that the main opposition New Korea Democratic Party is likely to change its candidate for a vice National Assembly speaker, from Rep Yu Chae-yon to another member. The election of the vice speaker to be chosen from among NDP lawmakers is scheduled for October 24. Originally, the election was scheduled to be held during a special House session in August. But, the election was put off as not only the ruling Democratic Justice Party but NDP member took issue with Yu's past scandal. Rep Yu, recommended by Kim Tae-chung, was involved in an adultery case in 1973. Rep Yi Se-ki, floor leader of the DJP, said yesterday, "If the NDP pushes ahead with the nomination of Rep Yu as a vice speaker, we cannot commit our support in the election. We cannot ask our lawmakers to vote for Yu since they are reluctant to have him as a vice speaker," he told reporters. Rep Yu has no chance of election without the help of the DJP, which is the majority force on the floor. [From the column "Press Pocket"] [Text] [Seoul THE KOREA TIMES in English 12 Oct 85 p 4 SK]

STATEMENT TO NEWSPAPERS ASSOCIATION--Minister of Culture and Information Yi Won-hong stressed yesterday that the nation's newspapers are charged with the important mission of pooling wisdom and determining the direction of efforts to resolve a mountain of national issues. Minister Yi said newspapers should pin their paramount value in playing a positive role in seeking to realize the common good of society. Vice Minister Kim Yun-hwan read Yi's message at a ceremony marking the 23d anniversary of the founding of the Korea Newspapers Association held at the Korea Press Center. Minister Yi appealed to the newspapers to spearhead efforts to lead the people and create a sound society. Particularly, in this information-oriented society, newspapers should be able to integrate the nation and society, surmounting confusion in values and conflict in classes, he said. "As Korea stands on the threshold of becoming an advanced society," Yi said, "newsmen must take the lead in establishing a sound cultural tradition by reminding intellectuals of their mission." [Text] [Seoul THE KOREA HERALD in English 15 Oct 85 p 1 SK]

SNU STUDENTS DETAINED--Eighteen Seoul National University [SNU] students were sentenced yesterday to three days' detention by a summary court for their illegal street demonstration. Fifth-seventeen other students were freed with admonitions. The students were arrested while participating in an anti-government demonstration together with 200 other students at Taerim-dong, Yongdungpo, around 6:40 p.m. Friday. Meanwhile, the police arrested four Hongik University students on charges of violating the Law on Assembly and Demonstration. The four are suspected of having staged a street demonstration and distributed antigovernment leaflets along with 70 other students, also in the Yongdungpo area, around 6 p.m. Friday. [Text] [Seoul THE KOREA HERALD in English 15 Oct 85 p 8 SK]

NORTH'S SPY TRAINING OF EX-STUDENT--A former Choson University student testified yesterday that he received "spy training" in Pyongyang for 11 days in 1984 after visiting North Korea while ostensibly studying in the United States. Yang Tong-hwa, 27, also said he joined the North Korean Workers' Party during his stay in Pyongyang between August 29 and September 8 last

year. Yang, who was expelled from Choson University in Kwangju in his sophomore year in 1980, was among 15 people who went to trial on spy charges at Seoul District Criminal Court yesterday morning. In answer to prosecutor questions, Yang also told the three-member court panel that he and his codefendants tried to fan antigovernment and anti-American sentiment among students on college campuses in large cities, including Seoul and Pusan. He also admitted to prosecution charges that he spied for Pyongyang under instructions from North Korean agents in the United States. Yang's codefendants also admitted to most of prosecutors' charges that they attempted to incite college students to mount massive antigovernment demonstrations. The defendants are part of a group of 19 persons arrested in early September on charges of spying for North Korea. [Text] [Seoul THE KOREA HERALD in English 15 Oct 85 p 8 SK]

CSO: 4100/012

S. KOREA/ECONOMY

'TEXT' OF CHON SPEECH AT IMF/IBRD MEETING OPENING

SK090021 Seoul THE KOREA HERALD in English 9 Oct 85 p 4

[Text of ROK President Chon Tu-hwan's Speech at the opening of the 40th joint IMF/IBRD meeting in Seoul on 8 October]

[Text] It is a great pleasure today to witness the opening of the joint annual meetings of the World Bank and the International Monetary Fund here in Seoul. On behalf of the Korean people, and in the name of the government of the Republic of Korea, I extend my sincere welcome to all of you who have come from afar to visit our country.

First of all, I wish to praise the historic achievements of the two institutions in reestablishing anew an economic order out of chaos that prevailed after World War II. We should all appreciate the work of economic reconstruction to which the bank and the fund made an indispensable contribution. In particular, I have the greatest respect for the individual countries that cooperated closely with the two institutions to overcome the difficult challenges of the postwar era.

The Korean people feel that there is a special significance to your 40th joint meetings of the bank and the fund, because it has been during these 40 years that Korea has managed to raise itself from one of the world's most underprivileged and disadvantaged countries to one of the world's more promising and developing. These were difficult strides, but we are grateful that the efforts proved to be worthwhile.

Now it is my wish, indeed my duty, to express Korea's deep gratitude to your two institutions for the assistance, support, and encouragement which my nation received in the course of its development. And I went to avail myself of this solemn occasion to pledge Korea's firm commitment to fulfill its responsibilities as a member of your organizations.

We all live today in a global community of interdependent nations. Increased interaction and specialization have made international cooperation imperative. No nation can manage its economy successfully without taking into account its economic relations with other countries. Today, a nation by itself can achieve neither security nor prosperity, unless its policies are geared to the common well-being of all nations.

### Protectionist Threat

Even when making domestic policy decisions, a country requires leadership with broad vision and a great deal of courage. It is often easier to simply wish away or ignore developments outside its borders; but this will not do. More than at any time in the past, a renewed spirit of international cooperation, backed by the will to bring economic policies into a global harmony, is necessary.

Building a lasting prosperity has always been the goal of mankind. Now, if this goal is to be successfully attained, I believe that any joint efforts we make must be firmly based on our willing acceptance of the imperative for international cooperation. In the face of this imperative, what we see today, very unfortunately, are rising demands for protectionist impediments to free trade in the interest of what is perceived to be the short-term interests.

Protectionism by any name will reduce world trade, bring about an economic downturn, and threaten all countries with economic stagnation. A vicious circle of stagnation and instability will grip the world economy and tension will mount in all aspects of international relations. Protectionism is the first step in a fatal sequence of deterioration in which all nations will suffer.

As I observe the current deterioration of the world economy and the protectionist tendencies of today, I am struck by the ominous and foreboding parallel between this situation and that of the early 1930s.

As you all know, each leading industrial nation at that time tried to outdo the other in taking and retaliating with protectionist actions, bringing about a 25 percent reduction in world trade and at least a 30 percent drop in the GNP of these same countries in the four years after 1929. As debtor countries lost opportunities to earn the foreign exchange necessary to repay their debt, world financial markets broke down. There is little doubt that the protectionist policies of industrial powers were a major cause of the Great Depression, with all its disastrous social and political consequences.

### Economic Warfare

If protectionism continues to grow unabated, it could develop into economic warfare in which every nation pursues its own so-called interest at the expense of all others. No one can be sure that this sort of situation cannot lead to military conflict. We must be careful. For we know that in nearly all of the past wars, big or small, a conflict of economic interests was an important factor. In order to prevent such a process of decay, I wish to ask all nations to join forces in transforming the danger of economic warfare into cooperation through fair competition.

The alternative to cooperation through fair competition is of course self-centered protectionism, but to go down that path is to invite economic and political disaster for the human race.

I am convinced that the bank and the fund, fortunately, are capable of exercising strong leadership to make international cooperation a reality.

In recent years, the conflicting budgetary and monetary policies of individual countries have caused instability in world financial markets. Widely fluctuating exchange rates have hindered the smooth transfer of private capital, worked against a sustained economic recovery, and aggravated debt problems worldwide.

The critical debt problems of many developing countries stem largely from rising protectionist barriers. As long as these barriers continue to increase, there is little hope that developing countries will be able to find a fundamental solution to their debt problems, even with the fullest cooperation with the bank and the fund.

The difficulties of many nations in servicing their debts are not simply a problem just for those countries concerned, but a problem for all of us. Naturally, debtor nations must do a better job in managing their debts to solve this problem. More important, however, all countries should work together to improve the world trade environment and restore the momentum of global economic growth.

In order to re-establish a sound world economy, all nations must give up their obsession with narrowly perceived self-interest. In its place, we must have a renewed sense of world economic order, with prosperity for all as its basic objective. In this regard, the responsibilities of developed countries are very [word indistinct]. Their power to influence the world economy gives these countries an obligation to maintain the international monetary system, coordinate their economic policies, and defend the free trade system.

I also wish to point out that the interests of the developing countries should be taken into full account and their positions be sufficiently reflected in the formulation of international economic policy, because these countries' roles and importance are growing in the world economy.

The newly industrialized countries play a vital and dynamic role in the world economy. Most certainly they should not be penalized for their good performance by the more advanced countries.

It must be clearly recognized that developing countries can complement the world economy by serving as a growing market. Their growth imparts dynamism to the world economy as a whole. I believe that giving encouragement and support to these developing countries is in the enlightened self-interest of all, including the advanced countries.

If the developed countries insist on protecting their own vested interests, totally ignoring the plight of the developing nations, and if the developing countries show an attitude of equal inflexibility regarding the interests of developed countries, then the divisive and clashing inconsistency will bring us all the deprivation no one wants. The hallmarks of the renewed economic order should be trust instead of suspicion, sharing of burdens and responsibilities instead of shirking them, and, above all, efforts to keep the market open.

The bank, the fund, and GATT can and must provide leadership in creating a productive and harmonious international economic order. This can be accomplished if member countries will advance new ideas for broader international cooperation and coordination of national economic policies, always in close consultation with each other.

The Korean people and their government attach a very great importance to the current annual meetings of the bank and the fund in Seoul because we have known the oppressiveness of poverty and because we are also aware of the fact that our own prosperity is directly linked to the world's economic growth. Since Korea joined the bank and the fund 30 years ago, we have faithfully supported the policies of these organizations, discharged our responsibilities as a member country, and were rewarded with success in overcoming poverty in our land. We began with the seemingly insurmountable difficulties arising from national division and the utter devastation of the Korean War. But the Korean people kept their spirit. They believed in a better life for themselves and in their ability to achieve it.

Beginning with our first Five-Year Plan for development in 1962, Korea has pursued consistently an outward-looking development strategy, with the assistance of the two institutions: the results have exceeded anyone's expectations. After the inauguration of my administration in 1980, Korea placed great emphasis on controlling inflation by reducing budgetary deficits and restricting the growth in money supply.

Important as it was, price stability was also a necessary condition for increasing the reliance on the market mechanism and maximizing efficiency. The government's style of economic management also changed to one of greater openness, and it was in this fashion that efforts in structural adjustment were made.

The Korean government has taken many concrete steps over the five years to liberalize our trade and investment policies. Thanks to these liberal reforms, our economy has achieved growth as well as price stability. These certainly enriched this nation's potential for future growth.

I am confident that Korea has the ability to continuously foster its growth potential, and I am sure that it will continue, in the future, to make an increasingly significant contribution to the economic progress of the international community through an open market policy and improved industrial efficiency.

Korea has accumulated some experience and know-how in the course of our development, and this we want to share with other developing countries. Let me clearly state my country's desire to strengthen our mutually beneficial and mutually supportive ties of cooperation with all nations of the world.

#### Olympic Games

As you know, the division of the country and the resultant armed confrontation across the demarcation line has been the ever-present source of difficulty for Korea. This condition persists today. In order to ease the tension resulting

from this condition, my government has been promoting the idea of exchange and interaction through peaceful dialogue between the south and the north, transcending the conflicting political ideologies.

I am pleased, as I am sure you are, too, about the recent progress in the Red Cross talks and the economic talks. With perseverance on our part, we shall continue our effort so that the sports talks as well as the summit talk can become a reality. I believe that herein lies our way to make the contribution to regional and global peace. I ask you for your support and encouragement in these endeavors.

As you know, Korea will host the Asian Games next year in 1986, and the Summer Olympics in 1988. All preparations for these international events are proceeding on schedule. Korea hopes that all nations of the world will participate in the Olympic Games in 1988. We sincerely hope that these prestigious events will serve to reaffirm the sense of international solidarity of all peoples of the world and demonstrate the kind of confidence in ourselves as a human race.

In our small world consisting of interdependent nations, we must talk with each other and pool our resources to build anew a harmonious international economic order. With world prosperity as our common goal, we will walk with you toward that objective.

I have every expectation that your Seoul meetings will be a great success in promoting international harmony, cooperation, and justice. These meetings will be remembered for their success in these noble endeavors. May each and every one of you find your visit to Korea to have been a personally rewarding, enjoyable, and memorable experience.

CSO: 4100/013

S. KOREA/ECONOMY

BAKER DISCUSSES DEVELOPING COUNTRY DEBT PROBLEM

SK080354 Seoul YONHAP in English 0343 GMT 8 Oct 85

[Text] Seoul, Oct 8 (OANA-YONHAP)--James Baker, U.S. treasury secretary, Tuesday said that middle income developing countries would be net lending in the range of 20 billion U.S. dollars for the next three years.

Prior to attending the joint annual meeting of the IBRD/IMF at Seoul's Hilton International Hotel on Tuesday morning, Baker told reporters that specific actions should be also taken for World Bank and IDB (Inter-American Development Bank) reforms that would permit multilateral banks to increase disbursements by roughly 50 percent to the principal debtors from current levels of about 5.9 billion dollars.

During the 30-minute news conference, the U.S. treasury secretary said that the United States does not support a departure from the case-by-case approach to strengthen the international debt strategy.

In a bid to deal with the developing country debt problem, he stressed that there must be a three-point "program for sustained growth," incorporating three essential and mutually reinforcing elements.

The three-point program includes the adoption by the principal debtor's countries of comprehensive macroeconomic and structural policies, a continued central role for the IMF, and increased lending by private banks in support of comprehensive economic adjustment programs.

"In this context, we will be looking to each participant to undertake actions that will facilitate sustained growth," he continued.

"If all the participants in this strategy do their part and the demand for quality World Bank lending increases, the IBRD should be encouraged to respond effectively and resources should be made available to enable it to do so."

In order to make such approach a success, the United States will positively try to solve the global external debt crisis through close consultations and cooperation with the World Bank, the IMF and other commercial banks, Baker said.

S. KOREA/ECONOMY

ROK FINANCE MINISTER HOSTS LUNCHEON FOR U.S. BANKERS

SK090709 Seoul YONHAP in English 0635 GMT 9 Oct 85

[Text] Seoul, Oct 9 (OANA-YONHAP)--South Korea's Finance Minister Kim Man-che hosted a luncheon Wednesday for 23 leading bankers of the United States who are currently here attending the World Bank/IMF joint annual meeting.

Kim explained to the banking leaders Korea's economic and financial policies and stressed the role of U.S. banking institutions to help solve the ever-deteriorating external debt problems among developing countries.

Among the American bankers at the luncheon at the Hyatt Hotel were Thomas S. Thomson, president of the Chemical Bank; Robert V. Rosa, director of American Exchange Bank (AMEX); Richard L. Thomas, president of the First National Bank of Chicago; Michael Dobbshigginson, chairman of Merrill Lynch and Co.; and Peter Herrick, president of Bank of New York.

Earlier on the day, the Korean finance minister had a breakfast meeting with World Bank leaders in charge of Korea, including Attila Karasomanoglu, vice president for East Asia and Pacific Region at the Lotte Hotel.

Korean officials said Kim asked the World Bank leaders to continue to support lending projects for Korea.

In separate meetings with Canadian Finance Minister Michael Wilson and World's leading bankers, including Thomas Labrecque, president of Chase Manhattan Bank, Kim explained Korea's economic and financial policies and discussed ways to increase financial cooperation between Korea and those countries.

In particular, Kim discussed the matter of Korea's possible membership of the Inter-American Development Bank (IDB) with the Canadian minister.

Among the bankers Kim met Wednesday was Michael Graham Ruddok, chairman of Hong Kong Shanghai Bank.

CSO: 4100/013

S. KOREA/ECONOMY

IMF, WORLD BANK HEADS ADDRESS SEOUL MEETING ON SOLVING DEBT PROBLEM

HK111232 Hong Kong AFP in English 1136 GMT 11 Oct 85

[Article by Jan Kristiansen]

[Text] Seoul, Oct 11 (AFP)--World financial leaders today wound up week-long talks here that brought firmly into focus the need for crisis-stricken developing countries to "grow" their way out of debt problems and for industrial nations to back them by consolidating world recovery.

"The responsibility for solving the debt problem is a collective one," the managing director of the International Monetary Fund (IMF), Jacques De Larosiere, told the closing session of the joint annual meeting of the IMF and the World Bank.

The IMF chief and World Bank president Alden Clausen both pleaded with the governments of industrial and developing countries, multilateral development institutions and private banks to work hand in hand to secure sustained worldwide growth.

They said their organizations would "actively pursue" proposals by U.S. Treasury Secretary James Baker aimed at generating increased flows of public and private funds into the 15 most indebted Third World countries, located mostly in Latin America.

Finance ministers, central bankers, economists and financial experts from 149 countries met against a background of mounting concern about a worsening of the world economic outlook, largely reflecting this year's unexpectedly steep slowdown in the U.S. economy.

The talks here reflected fears about a weakening of the debt servicing capability of the principal debtor countries, faced with a contraction of vital export earnings even as banks have reduced the flow of commercial loans to a trickle.

Debtors are also hit by a sharp decline in commodity prices, now at a 10-year low, which could further aggravate the crisis in sub-Saharan Africa.

Mr De Larosiers acknowledged that the discussions had highlighted "serious problems" still facing the world economy, including persistent financial imbalances, high interest rates and high unemployment.

He said the talks had shown that simultaneous action was now needed in several key areas:

--Debt-ridden developing nations must themselves adopt effective economic policies geared to their situation.

--Industrial nations must consolidate non-inflationary growth, tackle their structural problems, cut budget deficits and achieve a lasting reduction of real interest rates.

--The international trading system must be strengthened by giving effect to commitments to resist protectionism.

--Capital flows, public and private, must be increased because of the linkages between financing, growth and adjustment.

"Appropriate policy efforts can be frustrated if they are not supported by adequate flows of finance," Mr De Larosiers warned.

Mr Clausen said debtor and creditor governments, the multilateral institutions and the commercial banks must work together towards these goals and "each partner must bear his responsibilities fully."

Mr Clausen said the World Bank would be able to play its part as a result of the endorsement by the joint IMF/Bank development committee of plans for a substantial expansion of the Bank's lending, "unconstrained by lack of capital or borrowing authority."

Stressing commercial banks' interest in a buoyant world economy and financial system, he said talks here this week indicated that "the banks will participate with us in support of sound country programs."

The outgoing World Bank chief strongly stressed the urgent need for increased aid to low-income countries, in particular those of sub-Saharan Africa, and welcomed an agreement to start talks soon on renewed funding of the International Development Association.

"The international community must more determinedly assume the responsibility to help these nations do what they cannot do themselves," he said.

CSO: 4100/013

S. KOREA/ECONOMY

WORLD BANK PRESIDENT ON ECONOMIC EFFICIENCY

SK110349 Seoul YONHAP in English 0331 GMT 11 Oct 85

[Text] Seoul, Oct 11 (OANA-YONHAP)--Alden Clausen, World Bank president, Friday called for developing nations to implement macroeconomic and structural policies to improve economic efficiency and to make the productive use of capital flows to tide over global external debt crisis.

Meeting the press shortly before attending the closing ceremony of the World Bank/IMF joint meeting in Seoul, Clausen said that the World Bank will play a positive role in implementing the suggestion that the bank and the Inter-American Bank increase their gross disbursements to the highly indebted nations from about six billion U.S. dollars to nine billion dollars annually.

Clausen spoke highly of the inauguration of the Multilateral Investment Guarantee Agency (MIGA) in the Seoul IBRD/IMF general meeting.

A draft convention on MIGA was adopted Thursday at the IBRD/IMF general meeting.

A draft convention on MIGA was adopted Thursday at the IBRD/IMF joint procedures committee. MIGA is designed to encourage direct foreign investment in developing countries by guaranteeing non-commercial risks facing potential investors.

Clausen expressed his positive support for the demand for quality World Bank lending increases and the proposal for the bank's expanded role in dealing with global economic issues.

Noting that the world bank accounts for roughly two thirds of the amount, he stressed that the bank will exert every effort to meet the projected amount as targets.

Clausen said that South Korea's successful economic growth in recent years has contributed to "the sense of optimism" for other developing nations to try to achieve their sustained economic development and expanded exports in the years to come.

Commenting on Peru's proposal for the creation of a new financial institution replacing the International Monetary Fund (IMF), he flatly opposed such a proposal, saying that he does not feel any need for the inauguration of the new institution.

He said, "The IMF has been playing a crucial role; it must continue to do so."

"Further support has been demonstrated here, in the unanimous agreement of the International Development Association (IDA) deputies to strengthen IDA's leadership in concessional financing and to launch IDA-8 negotiations early in 1986."

He expressed hope that the 1986 IDA meeting will result in a success with fruitful achievements.

Clausen will resign his World Bank presidency next June when his five-year first term expires, he said.

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S. KOREA/ECONOMY

'SEOUL CONVENTION' ON MIGA INAUGURATION TO BE SIGNED

SK110131 Seoul THE KOREA HERALD in English 11 Oct 85 p 8

[Text] The four-day 40th annual joint meetings of the IBRD/IMF, described by many as "the most fruitful" in recent years, are due to end today with the signing of a "Seoul Convention," which will inaugurate the Multilateral Investment Guarantee Agency (MIGA).

The Seoul Convention was adopted at the joint procedures committee of the IBRD/IMF general meeting here yesterday to initiate a new world agency, MIGA, designed to encourage direct foreign investment in developing countries by guaranteeing noncommercial risks facing potential investors.

The draft convention of the MIGA is scheduled to be put to the regular IBRD/IMF general assembly meeting for final resolution and subsequent signing by member countries today.

The newly inaugurated agency will begin operating when five developed countries and 15 developing countries join and make part of the initial capital subscription. Kim Man-che, the Korean minister of finance, is expected to sign the convention today.

The Seoul event, attended by more than 3,000 delegates from 148 countries, tackled a wide range of global economic issues including the international debt crisis, exchange rate adjustment and growing trade protectionism.

Developing countries called upon leaders of industrial nations to come up with initiatives which can alleviate strains placed on their economies by heavy indebtedness.

They complained of "low rates of growth, high levels of unemployment in many of their countries, volatility and misaligned exchange rates and a net outflow of their resources to developed countries."

Speaking in essence for newly industrialized countries including Korean President Chon Tu-hwan warned in his address at the opening session of the meetings that if protectionism continued to grow unabated, it could well develop into economic warfare in which every nation pursues its own interests at the expenses of others.

To prevent such a process of decay, President Chon called upon all nations to cooperate in the maintenance of fair competition.

He also asserted that the critical debt problems of many developing countries stem largely from rising protectionist barriers.

"If the developed countries insist on protecting their own vested interests while ignoring the plight of developing countries, the result will be mutual deprivation and debilitation," he stressed.

Against this backdrop, U.S. Treasury Secretary James Baker, as anticipated, unveiled an initiative to tackle the international debt problem, calling on commercial banks to step up lending but at the same time issuing a sharp warning to debtor countries to put their own houses in order first.

The "Baker initiative," which calls for banks to lend an additional \$20 billion to debtor countries over the next three years, and inauguration of a Multilateral Investment Guarantee Agency (MIGA) were perhaps the most significant developments of the Seoul IBRD/IMF meetings.

The IMF drew fire from developing countries for outlining harsh austerity programs as conditions for extending new loans for the rescheduling of debt payments.

World Bank President A.W. Clausen said: "We must have a long-term perspective, recognizing that growth cannot be secured when nations live from debt rescheduling to another."

He also said that new trade negotiations under GATT should take place, urged commercial banks to continue their lendings to developing countries and stressed that the World Bank "will be crucial in the transition from recession to sustained economic growth."

As has been the case with previous IBRD/IMF annual meetings, the conflicting interests of developed and developing countries were much in evidence at the Seoul gathering.

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S. KOREA/ECONOMY

IMF MANAGING DIRECTOR'S REMARKS AT PRESS CONFERENCE NOTED

SK110857 Seoul YONHAP in English 0746 GMT 10 Oct 85

[Text] Seoul, Oct 11 (OANA-YONHAP)--J. De Larosiere, managing director of the International Monetary Fund (IMF), said the responsibility for solving the international debt problem is a collective one and a consolidation of non-inflationary expansion in the industrial countries is a crucial requirement.

"This is essential both to provide the conditions for resuming the development momentum of indebted countries, and also to tackle the disturbing unemployment problem the industrial countries themselves face," Larosiere said.

He made these concluding remarks at the closing session of the joint IMF and the World Bank (IBRD) conference here.

He also emphasized that central to the task of increasing the momentum of development are effective policies in the indebted countries themselves.

The necessary policies must, however, be based on certain common elements: the encouragement of productive investment; the mobilization and retention of savings; and appropriate structure of relative prices; and a restoration of confidence and domestic financial stability, he added.

Another key requirement is the strengthening of the international trading system, he said.

"The president of the Republic of Korea, in his opening address, put this point well when he reminded us that protectionism is the first step in a fatal sequence of deterioration in which all nations will suffer," Larosiere said.

Governors stressed the need for the multilateral development banks to be equipped to expand their lending operations, he said. He added appropriate policy efforts can be frustrated if they are not supported by adequate flows of finance.

Referring to the role of IMF, he said the fund will continue to work with its members to attain the optimal blend of adjustment and finance within the context of programs aimed at strengthening sustainable growth.

"In the financial realm, the resources the fund itself can supply are limited... nevertheless, our institution retains both the capacity and the intention to support effective policies with meaningful financial assistance."

"I can assure you that it is our intention to continue to exercise our functions in this area constructively. We will also move swiftly to put into effect the most helpful agreement reached in the interim committee to use trust fund reflows to support growth in low-income countries," he said.

"We must seek to strengthen the international monetary system and we must give effect to the commitments that have been made to resist protectionism."

In a press conference held following the closing ceremony, the IMF leader said that the cooperation between the IMF and the World Bank is very important as many delegates have mentioned during the conference.

Larosiere also said that the role of the World Bank should be expanded and its resources be increased. He, however, ruled out the possibility of an expansion in the IMF resources.

Larosiere made it clear that the IMF has no plan to increase its lendings substantially for the next few years.

On the issue of additional allocation of special drawing rights, Larosiere said the problem is very complex and complicated.

CSO: 4100/013

S. KOREA/ECONOMY

WORLD BANK OFFICIAL ON DEVELOPING COUNTRIES' PROSPECTS

HK101615 Hong Kong AFP in English 1409 GMT 10 Oct 85

[Text] Seoul, Oct 10 (AFP)--Major debtor countries will likely need to negotiate external financing packages for the foreseeable future, and debt problems of low-income debtors may be even more intractable, a senior World Bank executive said today.

Anne Krueger, the bank's vice-president for economics and research, told reporters that prospects for recovery in developing countries had become "more uncertain and clouded" in the past year, contrasting with a cautious optimism that prevailed at the time of last year's annual International Monetary Fund (IMF) and World Bank meeting.

She said that a substantial decline in economic growth in the industrial world had significantly affected developing countries' trade, growth and debt servicing performance and prospects.

Mrs Krueger said that the latest estimates suggested that overall net financial flows into the developing world declined last year because of reduced commercial bank lending. She expected no increase this year.

The World Bank executive highlighted a "dramatic" decline in primary commodities prices, main currency earners of many developing countries.

She said that the bank's index of non-fuel commodities was estimated to be at a 10-year low, and at its lowest yet in terms of constant prices.

She also cited signs of a shift in trade flows, perhaps linked with the dollar's appreciation, which might also indicate that protectionist measures, often aimed at developing countries, "are beginning to bite."

Mrs Krueger said that a key factor in the worsened outlook was the unexpectedly sharp economic slowdown in the United States, where the gross national product is now expected to expand by a modest 2.5 percent this year against last year's 6.8 percent.

With Japan's economy growing at a slightly slower pace and Western Europe's performance still sluggish, growth in the industrial world as a whole has declined substantially, she added.

Demand for imports from developing countries had therefore fallen off. In the first half of this year, the major countries' imports from non-oil developing countries were only one percent above year-earlier levels, compared with a 17 percent rise in 1984 as a whole.

U.S. imports from these countries were down by 2.0 percent in the first six months, while purchases from other industrial countries jumped by 14 percent, pointing to changing trade flows.

World Bank economists now expect growth in the developing world to fall off to just under 4.0 percent this year from 5.0 percent last year, with Asia the only bright spot, maintaining rates of over 5.0 percent.

They said that per capita incomes were bound to continue falling in Sub-Saharan Africa, expected to record a rate of only 0.4 percent, while Latin America's rate would drop below 3.0 percent.

Mrs Krueger said that even these "modest" projections "may yet prove to be too optimistic in the face of slow U.S. growth and declining commodity prices."

She added: "Debt, trade, finance and growth are all intricately linked together."

"To address their debt problems, stimulate growth and finance needed capital imports, developing countries must be able to increase their overall export earnings."

CSO: 4100/013

S. KOREA/ECONOMY

PAKISTANI MINISTER ON IMF-IBRD WORK IN ADJUSTMENT PROMOTION

SK100931 Seoul YONHAP in English 0804 GMT 10 Oct 85

[Text] Seoul, Oct 10 (OANA-YONHAP)--Mahbubul Haq, Pakistan's minister for finance, planning and economic affairs, Thursday called upon the International Monetary Fund (IMF) and the World Bank (IBRD) to work together in promoting "adjustment through growth" in both developed and developing countries.

"What we ideally need is adjustment upward, not downward; at higher, not lower, levels of output and employment, nationally and internationally," he said.

Haq spoke at the 40th annual joint IMF/IBRD meeting, now being held at the Seoul Hilton International Hotel.

The Pakistani minister said, "any viable solution to the 900 billion dollar debt problem of developing countries must recognize that debt by itself is not a problem, but is a manifestation of the problem." "Why the burden of debt appears so heavy today," he explained, "is that those who carry it have been weakened by the way we have treated them."

He said that in rescheduling debts, the debt profiles must be changed from the short term to the long term and instead of continuing the "painful squeeze" of an already low consumption level, the "healthy expansion of productive capacities" must be encouraged, he said.

Regarding the general agreement on tariffs and trade (GATT), Haq, who leads the Pakistani delegation to the four-day IMF/IBRD session, said that the third Bretton Woods Institution must organize new trade talks within the next year.

"Country after country has adroitly learned the uncanny art of practicing protectionism while preaching free trade," he said.

"I must confess that despite my own deep belief in multilateralism, I was obliged to adopt an aggressive countertrade strategy recently, as I saw all possible doors of multilateral trade closing down on my country with the slow thud of sad finality."

In launching developing countries into the phase of sustained economic growth, he said, the international community should spend much more "intellectual capital" than it did when it mechanically applied "the medicine of demand compression and growth retrenchment all across the board."

S. KOREA/ECONOMY

MALAYSIAN MINISTER STRESSES IMPROVED ROLES OF IMF-IBRD

SK100704 Seoul YONHAP in English 0606 GMT 10 Oct 85

[Text] Seoul, Oct 10 (OANA-YONHAP)--Malaysian Finance Minister Daim Zainuddin Wednesday called for the strengthening of the roles of the International Monetary Fund (IMF) and the World Bank (IBRD) in revitalizing the sluggish world economy.

He also stressed that protectionism must be rolled back significantly, noting that resolution of the issue of protectionism is becoming more urgent and crucial with the increasing trade barriers hampering effective implementation of economic adjustment and restructuring undertaken by the developing countries.

In his statement for the annual IMF/IBRD meetings which opened Tuesday here, Zainuddin said the world is meeting at a time of more uncertainty in the international economic environment.

The world needs imaginative strategies to get on the track of a durable non-inflationary growth, the Malaysian minister said. The IMF will need to enhance surveillance and make it more evenhanded and the World Bank should be able to respond more effectively to the needs of its members, particularly the developing countries, he said.

"Member countries will need to give their fullest support to the required capital increase to provide adequate funding for the World Bank. At the same time, the bank should not try to impose more 'conditionalities' than necessary on the developing debtor countries in its lending programs," he emphasized.

The finance minister also said that the role of the private sector should be emphasized in policies to promote adjustment.

He went on to say that he would like to see the International Finance Corporation (IFC) play a larger role in promoting more foreign investment in developing countries.

"In Asia, we are particularly disappointed to observe that the bulk of Japan's overseas investment is taking place in the other industrial countries," he said.

Zainuddin welcomed the proposed establishment of a Multilateral Investment Guarantee Agency (MIGA), saying that the institution will provide a better environment for the IFC to push more vigorously for direct investment flows to the developing countries.

S. KOREA/ECONOMY

CARIBBEAN FIGURE URGES FORMATION OF 'THIRD WINDOW'

SK100659 Seoul YONHAP in English 0619 GMT 10 Oct 85

[Text] Seoul, Oct 10 (OANA-YONHAP)--A spokesman for the Commonwealth Caribbean urged the World Bank Thursday to respond quickly to the need of the bank's smallest members.

"It is unthinkable that any country, however small, should fail to discharge its obligations as a member of our institution," Kennedy A. Simmonds, prime minister of St. Christopher and Nevis, said at the joint World Bank-IMF meeting here.

St. Christopher and Nevis is one of the 11 countries forming the Commonwealth Caribbean. The other nations are Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia and St. Vincent and the Grenadines.

Simmonds, who also serves as St. Christopher and Nevis's finance minister, called on the World Bank to be flexible in tailoring its assistance to the circumstances of the borrowing country.

He said the standard of per capita GNP as a comparative measure of economic and social performance is replete with imperfections in that it gives a distorted reflection of the true economic picture in relation to small economies.

"While the use of such a standard as the starting point for determining the conditions of access to various bank programs is traditional, it is essential that an equitable arrangement be maintained for determining not only a member country's eligibility for such programs, but also for the allocation of the resources available under them," Simmonds said.

He said some of the Caribbean countries, disqualified for IDA (International Development Association) assistance, are suspended in a middle region where resource flows are not designed to help them along the ladder of development to a point of takeoff to sustained growth.

"It is for this reason that we propose the establishment of a "third window (in the IDA)" to give emphasis to the need of this special group for which little specific provision has been made in resources to enable them to truly graduate to self-sustaining levels of growth," he said.

S. KOREA/ECONOMY

NEPALESE FINANCE MINISTER ADDRESSES SEOUL IMF MEETING

HK100628 Hong Kong AFP in English 0609 GMT 10 Oct 85

[Text] Seoul, Oct 10 (AFP)--Nepalese Finance Minister Prakash Chandra Lohani today joined other developing countries' financial leaders in demanding that the World Bank sufficiently increase its capital in order to enable it to provide adequate support for programs undertaken by borrowing countries.

Speaking at the World Bank--International Monetary Fund (IMF) annual meetings in Seoul, the Nepalese minister expressed his disappointment that World Bank loan commitment and the net transfer of resources have declined in 1985 despite the growing and persistent needs of the developing countries.

He also criticized that although the IMF has played an important role in promoting a stable international system of trade and payments, it has not been as successful in fulfilling the aspirations of a large number of developing countries as had been expected.

He called for some easing of the conditionality rules adopted by the fund.

He also asked that the trust fund be revived to make concessional loans to eligible countries.

He declared that there is an urgent need to augment the flow of resources from the World Bank and the IMF so that borrowers' accesses to these resources be enhanced.

"Affluent nations can do a lot to help and encourage these institutions to play a more positive role in the international economy."

Explaining about his country's 7th 5-year plan, the Nepalese finance minister said that despite government's efforts to mobilize resources, about 70 percent of the plan outlay has to be met from foreign assistance.

CSO: 4100/013

S. KOREA/ECONOMY

BELGIUM SPEAKER ON IMF'S CONTINUED ROLE AS GUIDE

SK100809 Seoul YONHAP in English 0708 GMT 10 Oct 85

[Text] Seoul, Oct (OANA-YONHAP)--Jean Godeaux, governor of the National Bank of Belgium, said Thursday it is imperative that the International Monetary Fund should be able to continue to "guide" adjustment on terms that are politically and socially tolerable.

"Surveillance is not enough. The necessary financial support must be forthcoming during the crucial phase up to the time when adjustment bears fruit," he said.

In an address to the joint World Bank/IMF meeting here, Godeaux said; "to develop an acceptable solution to the two major problems facing us here today: the risk of dislocation of trade and international payments by a revival of protectionism, and the debt burden, we must obviously take action to guide the invisible hand."

The role of the special drawing rights (SDR) can most easily be revitalized if it is further integrated into the fund's operations, he added. "The next allocations could thus give rise to a reflow to the fund of the newly created SDRs allocated to the industrial countries, while the developing countries would retain theirs. This very process would strengthen the means of action the fund needs to have at its disposal to support its members' stabilization policies."

He said the International Finance Corporation (IFC) will have a decisive role to play, supplementing the work of the bank as the development process reaches a certain degree of maturity.

As regards the bank, it should act primarily where other sources of financing cannot support structural adjustment or the implementation of priority projects, he said.

CSO: 4100/013

S. KOREA/ECONOMY

ZAIRE COMMISSIONER FOR FINANCE, BUDGET ADDRESSES IMF-IBRD

SK091245 Seoul YONHAP in English 1155 GMT 9 Oct 85

[Text] Seoul, Oct 9 (OANA-YONHAP)--Loma Okitongono Djamboleka, Zaire's state commissioner for finance and budget, Wednesday said that industrialized countries should take more responsibility in pursuing policies that promote economic growth and stability in all parts of the world.

Djamboleka delivered an address on behalf of African governors at the joint IMF/IBRD conference, which opened here on Tuesday.

The industrial countries should forthrightly act to bring down real interest rates, which have increased the debt-service burden of developing countries, and should create stable conditions in the foreign exchange markets, he said.

The Zairian state commissioner appealed to industrial countries to reduce protectionist measures in the near future, because intensified protectionism will diminish the role of industrial nations as the "engine of growth for the global economy."

"It goes without saying that the rising tide of protectionism in major markets can only exacerbate the debt-service problems of developing countries ... and more importantly, stifling economic growth," Djamboleka said.

He emphasized the need for collective responsibility in solving the international debt problem and called on industrial countries to assist in the adjustment process in developing countries by maintaining adequate levels of financial assistance, especially to poorer countries.

He said that the economic crisis afflicting Africa requires understanding and sustained effort by all.

"The difficulties that African countries are encountering are largely a result of harsh international environment, exacerbated by war conditions and the natural calamities, including drought and desertification, which our countries continue to experience," the African governor of the World Bank said.

Regarding the African region's external debt problem, Djamboleka urged the two international financial institutions to show "understanding and flexibility."

S. KOREA/ECONOMY

INDIAN MINISTER ADDRESSES IMF MEETING; PERU CONFIRMS DEBT POLICY

HK091300 Hong Kong AFP in English 1212 GMT 9 Oct 85

[Article by Jan Kristiansen]

[Text] Seoul, Oct 9 (AFP)--Developing nations of Africa, Asia and Latin America today took the large industrial countries to task over mismatched domestic economic policies which they said are threatening prospects for lasting world recovery.

Ministers speaking on the second day of the annual meeting of the International Monetary Fund (IMF) targeted the United States and Japan in particular, without citing them by name.

They accused Washington and Tokyo of failing to coordinate their economic policies, thus encouraging high interest rates, monetary disorders and growing protectionist pressures.

The message was that along with efforts by the poorer countries to restore their economic health and repay their debt--soon to total one trillion dollars--the leading industrial countries must get their economic act together, a senior Asian official said.

He conceded that a first step in that direction might have been taken when the United States, Japan, Britain, France and West Germany agreed two weeks ago to act in concert to bring the overvalued dollar down.

But more would have to be done, he said. "We have to wait and watch."

India's Finance Minister, Vishwanath Pratap Singh, said "consistent and coordinated" action by the major industrial countries was indispensable because of their impact on the world economy.

Denouncing what he called the recent excessive emphasis on Third World adjustment, Mr Singh said that protectionism stemmed from an industrial nation's own "reluctance to adjust."

He came out sharply against what he saw as a growing tendency by international institutions and donor countries to impose policy conditions apparently based on the "presumed fallibility [as received] of free-market forces."

The responsibility for policy choices must rest on national authorities "who have to bear the consequences," he said, stressing that there was no single prescription for problems faced by individual developing countries.

Peru's Vice President and Economics Minister, Luis Alva Castro, brought home this point more dramatically when he officially confirmed to the IMF today that his country would keep its debt service payments at no more than 10 percent of its export earnings.

Reliable sources said Mr Alva Castro met Eduardo Wiesener, the senior IMF official in charge of Latin America, and informed him that Peru would negotiate directly with its creditor banks and did not intend to allow an IMF team to look at its books.

U.S. Treasury Secretary James Baker warned Peru yesterday that any attempt to "go it alone" could seriously harm its future growth prospects.

William Rhodes, the chairman of the bank advisory committee which handles the renegotiation of the commercial component of Peru's 14 billion dollar debt, was not immediately available for comment.

Earlier, Mr Rhodes, a senior official of Citibank, the largest U.S. bank, said the bank endorsed Mr Baker's three-point plan aimed at channelling more funds from multilateral institutions and commercial banks into major debtor countries, mostly in Latin America, provided they adopted structural adjustment measures.

Mr Rhodes said it was "a positive message which called on all the prime players--the main debtor countries, the multilateral development banks and commercial banks--to play their part."

He said Citibank was prepared to do its part "if all the players" lived up to the objectives set by Mr Baker.

CSO: 4100/013

S. KOREA/ECONOMY

FRG MINISTER VOWS SUPPORT FOR MULTILATERAL TRADE SYSTEM

SK090904 Seoul YONHAP in English 0804 GMT 9 Oct 85

[Text] Seoul, Oct 9 (OANA-YONHAP)--Gerhard Stoltenberg, West German finance minister, said Wednesday that Germany will remain a strong voice for strengthening the multilateral system of free trade--a necessary underpinning of prosperity.

"Free trade is essential also to the success of the adjustment efforts of developing countries, many of which depend on export growth to pay for their imports and to service their debts," he said.

Stoltenberg made these remarks in an address at the joint IMF/IBRD annual meeting here.

"Trade liberalization is another area where failure to act could put the recovery at risk," he said. "As stated at the Bonn Economic Summit, 'protectionism does not solve problems; it creates them.'"

He also said that the major industrial countries should give higher priority in their domestic policies to providing a framework conducive to a lasting reduction in interest rates.

"A further substantial decline, especially in dollar interest rates, is essential to a constructive solution of the international debt problem," he said. "In their own and in the general interest, industrial countries must work toward sustained growth, low interest rates and open markets."

The finance minister said that the debt problems will persist for a longer period than initially foreseen and that the creation of a stable domestic environment in debtor countries is the key to restoring the confidence of foreign lenders, as well as their own citizens.

The international community should be willing to give the necessary financial support to countries that implement sound policies, he said.

"I would like to support U.S. Secretary Baker's view that 'market-oriented policies to foster growth and adequate finance to support it' should be essential elements of the debt strategy," Stoltenberg said.

He also said that the agreement reached in Geneva early last week to initiate preparations for a new round of trade negotiations under GATT was a welcome step.

Korea is one of many countries which, over the years, have been notably successful in maintaining and strengthening the underlying dynamism of their economies, in spite of a difficult external environment, he added.

CSO: 4100/013

S. KOREA/ECONOMY

INDONESIAN MINISTER URGES PROMPT SOLUTION OF DEBT PROBLEM

SK090954 Seoul YONHAP in English 0852 GMT 9 Oct 85

[Text] Seoul, Oct 9 (OANA-YONHAP)--Indonesia's Minister of Finance, Radius Prawiro stressed Wednesday that the problems of debt, exchange rate volatility and protectionism--which are of particular importance to developing countries, --should be addressed "promptly and adequately."

These problems, unless addressed, could reverse the present recovery of the global economy, the Indonesian minister told the 40th joint meeting of the International Monetary Fund (IMF) and the World Bank (IBRD).

In a speech on the second day of the four-day joint meeting held at the Seoul Hilton Hotel here, the Indonesian minister expressed his country's support for the projected creation of a Multilateral Investment Guarantee Agency (MIGA).

"Although progress is being made in resolving the debt issue, we are still in the danger zone," Prawiro said, adding "there has been growing dissent among certain developing countries regarding debt repayment."

"The way to a smooth and orderly resolution of the problem posed by the large debt burdens carried by developing countries is to keep open the trade avenues by which these nations can sustain and improve their levels of foreign exchange earnings," he said.

Pointing out that the debt issue is clearly linked to the issue of protectionism which he said threatens increased world trade, Prawiro asserted: "simply put, protectionism is an invitation to disaster."

Citing the example of his own country, the Indonesian minister called on the world countries to resist the protectionism.

"I earnestly call on the governments of all of the major industrial nations, and especially that of the United States, to resist trade protectionist pressures. I urge all of you here to oppose this trend with steadfast determination," he said.

Many proponents of protectionism are saying that they are for "fair trade" rather than "free trade," yet, clearly, "there is nothing fair in the abrupt

creation of trade barriers that would disrupt entire markets that were developed in good faith over many years," he argued.

"Trade is, by definition, a multilateral activity the problems of which require multilateral solutions," he said.

The Indonesian further called upon the World Bank and the IMF to "draw on their full capabilities to respond to debt problem and to increase rather than decrease their lending operations."

The suggestion made by some members from industrial countries that the access limits be reduced, does not conform to the needs of developing nations at this time, he said.

Turning to the problem of exchange rate volatility, which he said is an issue of particular importance to developing nations, Prawiro said that "the extreme swings in exchange rates in the last few years have aggravated the exposure risks associated with foreign currency loans." "This has discouraged the flow of overseas investment that is so important to the economic growth of many developing countries."

Prawiro stressed that "in this regard, innovative actions are needed to boost the flows of direct foreign investment into the developing countries."

Any scheme which has the potential to encourage the flow of resources to productive enterprises in developing member countries, and to increase the share of developing countries in international investment within the framework of investment policy and priorities of the host countries, deserves strong support, he said.

"In this connection we are following with great interest the bank's initiative to create the Multilateral Investment Guarantee Agency (MIGA)," he said.

Touching on the role of the IMF, the Indonesian minister said that a more effective and evenhanded surveillance system is desirable.

The fund must assume a certain amount of indirect responsibility for the predicament which developing countries face in their efforts to maintain and expand levels of international trade, he added.

The Indonesian minister said that the SDR (special drawing right) should also be enhanced, as it holds the promise of increasing stability on international currency exchanges.

"With a sufficient supply of SDRs, the fund (IMF) would be better able to influence the liquidity of the world economy and the general stability of the economic system," he said.

Prawiro added that the IMF and the World Bank have key roles to play in preventing international debt problems from re-emerging as a crisis and that the capital base of the fund and bank should be increased.

S. KOREA/ECONOMY

FINANCIAL EXPERTS VIEW CAPITAL FLIGHT ISSUE AT IMF MEETING

HK091438 Hong Kong AFP in English 1247 GMT 9 Oct 85

[Text] Seoul, Oct 9 (AFP)--An increase in private credit for the Third World should be linked to stepped-up efforts to stem the flight of capital from debtor countries, several financial experts here said today.

They made their remarks as the annual meeting of the International Monetary Fund (IMF) and World Bank went into the second day.

Ian Steward, IMF governor for Britain, urged measures to stop the hemorrhage of capital which he said had increased in the last two or three years.

He echoed the concern expressed by West German Finance Minister Gerhard Stoltenberg who said that in certain cases all the new credits accorded a Third World debtor country had made their way to safer lands.

The United States was a favorite resting place, he said.

One participant at the meetings here said a confidential World Bank study found that the four largest Latin American borrowers had in recent years made productive use of only a third of their foreign borrowings.

Another third went to finance consumer spending and the rest went abroad, the source said.

In announcing here his intention to seek new private bank commitments of 20 billion dollars over three years, U.S. Treasury Secretary James Baker said that it was hard to ask help for countries suffering a flight of capital.

But a French banker observed that the U.S. banks could not complain too loudly since a large part of the fleeing capital had found its way into their coffers.

Venezuela, Argentina and Mexico headed the list in the flight of capital from 1979-82, according to the World Bank's 1985 report. But the phenomenon is not confined to Latin America.

The Philippines has joined the list in recent years because of its volatile political and economic climate, as has Nigeria.

The report said that massive flights of capital played a large role in the balance of payments difficulties encountered by several countries.

CSO: 4100/013

S. KOREA/ECONOMY

BRAZILIAN FINANCE MINISTER ADDRESSES IMF IN SEOUL

PY091508 Brasilia Domestic Service in Portuguese 2200 GMT 8 Oct 85

[Text] Addressing the IMF meeting in Seoul, Finance Minister Dilson Funaro today said that the international situation remains negative and that it is still a source of concern, primarily for the Latin American countries, which are confronting serious debt problems. Minister Funaro, who outlined the Brazilian position, explained that this year the rate of economic reactivation of the industrialized countries declined and that raw material prices markedly decreased.

According to the minister, these factors have harmed the exports of Third World countries, which have been forced to adopt even stricter economic adjustment programs.

Funaro suggested that the international financial agencies be provided with more funds, so that they can more efficiently help debtor countries. He added that at the Paris Club and the government and agencies of the industrialized countries should adopt a more constructive attitude toward the rescheduling of the debt owed by the developing nations.

In Brasilia, Presidential Press Secretary Fernando Cesar Mesquita reported that today President Jose Sarney received a phone call from Minister Funaro.

[Begin Mesquita recording] The minister supplied some information that the president considered [word indistinct]. The Seoul meeting is under way. In his speech, U.S. Treasury Secretary Baker (?mentioned) the speech President Sarney delivered at the United Nations, where the Brazilian president said that the developing countries cannot stop growing and that it is necessary to curb inflation but without halting economic growth. [end recording]

CSO: 4100/013

S. KOREA/ECONOMY

UK GOVERNOR PRAISES ROK AS MODEL DEVELOPING COUNTRY

SK090415 Seoul YONHAP in English 0300 GMT 9 Oct 85

[Text] Seoul, Oct 9 (OANA-YONHAP)--Ian Stewart, economic secretary and governor of the fund for the United Kingdom, Wednesday said that South Korea is a "practical and highly instructive model" as a developing country to combine adjustment with growth and to make productive use of capital inflows.

In his statement before the annual joint IBRD/IMF Seoul meeting, Steward welcomed a new GATT round of trade negotiations and the Multilateral Investment Guarantee Agency (MIGA).

The four-day IBRD/IMF general meeting opened Tuesday with 149 member countries attending.

The MIGA is highly likely to be inaugurated in the Seoul meeting despite some opposition from Latin American countries to the idea.

As part of the longer-term strategy for the international debt situation, he said, "the United Kingdom would support a larger and more effective role for the World Bank and its affiliates over the next few years."

Touching on financing from the private sector, particularly the commercial banks, to debtor nations, Steward stressed that decision on lending should be made through judgement by the commercial banks themselves and through negotiations with individual debtor countries.

"In making their judgement the banks will certainly be looking for some assurance from the commitment of debtor countries to sound economic policies and from the part which the fund, and we hope increasingly the bank, will be playing," Stewart said.

In view of the uncertainties remaining in the world economy and the difficulties some debtor nations continue to face, he welcomed the decision of the interim committee to renew the policy on enlarged access for 1986 with only marginal changes.

"The recovery in industrial countries has helped to support the remarkable adjustment efforts of many developing countries grappling with the heavy burden of debt incurred in earlier years," the British governor continued.

He termed rising protectionist trend as "the major and most immediate danger to the world economy," and emphasized that more progress is urgently needed in "rolling back long-established barriers" and in "extending the scope of the open trading system."

The best guarantee against the erosion of free trade is to make further progress in the multilateral context of the GATT in the interests of developing and industrial countries alike, he said.

He urged the United States and Japan to play more constructive and positive roles in resisting growing protectionism and in supporting free trade system because "their major influence in the world economy means that their policies cannot be judged solely by domestic criteria."

Welcoming the agreement on the future use of the fund's trust fund reflows, he expressed his tribute to the helpful decision by China and India not to extend their right to draw on the trust fund until 1991.

He emphasized three vital contributions which industrialized nations must make, such as the sustenance of the noninflationary growth of the world economy, the allowance of the free export of investment capital to developing nations, and the resistance of protection pressures through opening their markets to the exports of the developing countries and of each other.

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S. KOREA/ECONOMY

BRAZILIAN FINANCE MINISTER ON DEBT RESCHEDULING

SK081140 Seoul YONHAP in English 1052 GMT 8 Oct 85

[Text] Seoul, Oct 8 (OANA-YONHAP)--Brazilian Finance Minister Dilson D. Funaro [name and title as received] said Tuesday that governments and agencies of industrialized countries should adopt a more constructive approach to rescheduling the debts of developing countries and to the extension of new credits to them.

International financial organizations should be provided with enough capital resources to effectively deal with the adjustment process of indebted countries, he said.

Funaro made the remarks in an address at the annual meeting of the Board of Governors of the International Bank for Reconstruction and Development (World Bank) and its affiliates, the International Development Association and the International Finance Corp. he spoke on behalf of the Latin American countries, the Philippines and Spain.

"The situation calls for an equitable distribution of the burden of adjustments between creditors and debtors," he said. "Alternative mechanisms and viable solutions should be devised to tackle the problem of foreign indebtedness."

The finance minister also said that regulatory and other governmental agencies should review their rules concerning banking practices, in order to reconcile those rules with requirements for refinancing and issuing new loans.

"The countries I represent are looking forward to the beginning of fruitful negotiations on the volume of a general capital increase to permit an increased lending program for the coming years," he said.

"We strongly support the recommendations of the administration of the bank for pursuing an increment in the capital base of the institution, sufficient to fund the upper range of the proposed lending program," Funaro added.

He said that almost all developing member-countries are implementing severe adjustment programs; therefore they lack counterpart funds. An increase in the non-project lending portion of the lending program is more than justified, he added.

Perhaps the time has come for the World Bank to reassess the conditions placed on its policy-based operations, such as structural and sector lending, he said. "It is also of the utmost importance to avoid cross conditionalities, especially in case of enlargements of the World Bank's role in assisting indebted member-countries."

In the trade field, he said, the World Bank should be encouraged to support the development of the Latin American Integration Association, he added.

"An adequate refinancing of our external debt appears as the key to the successful management of the economic problems challenging Brazil," Funaro said.

CSO: 4100/013

S. KOREA/ECONOMY

JAPANESE, FRENCH FINANCE MINISTERS ON U.S. DOLLAR'S DROP

HK081346 Hong Kong AFP in English 1339 GMT 8 Oct 85

[Text] Seoul, Oct 8 (AFP)--Japanese Finance Minister Noboru Takeshita and other leading figures at the International Monetary Fund (IMF) and World Bank convention today welcome the "orderly" depreciation of the U.S. dollar since an agreement by five major financial powers to cooperate to bring it down.

Mr Takeshita told reporters here that the group of five (G-5) countries intended to "continue in the same direction" following their decision in New York last month.

Noting that no one had criticized the G-5's decision during the Seoul meetings, he said the five countries--Britain, France, West Germany, Japan and the United States--remained "strongly" determined to live up to their agreement.

French Finance Minister Pierre Beregovoy said the results of concerted Central Bank interventions on the foreign exchanges since the G-5 agreement had been "exactly what we expected" in New York.

The dollar had come down in "orderly fashion" with no sign of any sharp slide, he told South Korean reporters.

A senior U.S. treasury official said the United States was "not unhappy" about the developments on the market, which had taken the G-5 package "seriously."

But he said he could not forecast which way the market would turn.

Addressing the 149-nation assembly, Mr Takeshita affirmed that Japan's trade and current account surpluses had expanded mainly because of external factors "beyond its control," including the strength of the dollar and falling commodity prices.

The yen-dollar exchange rate had not "fully" reflected the Japanese surplus because Japanese interest rates were lower than U.S. rates, he explained.

He said Japan had "strongly desired" a correction of the relationship between the strong dollar and the weak yen, as this was "indispensable for rectifying the external imbalance."

To meet the challenge of rising protectionism, which had reacted "emergency" proportions and could jeopardize solutions to international debt problems, Mr Takeshita said, countries must engage in market opening and trade liberalization.

In addition, exchange rates must "better reflect fundamental economic conditions."

The minister made no direct reference to the mounting trade frictions between Japan and the United States, but clearly had them in mind, conference sources said.

CSO: 4100/013

S. KOREA/ECONOMY

TREASURY MINISTER ADDRESSES IMF IN SEOUL

AU071813 Rome ANSA in English 1530 GMT 7 Oct 85

[Text] (ANSA) Seoul, October 7--Italian Treasury Minister Giovanni Goria, addressing the Development Committee of the World Bank and the International Monetary Fund meeting here, called this afternoon for more concrete conditions by which to relaunch development, above all, in the most impoverished nations, for a reduction in real interest rates, and for a reversal of protectionist trends.

He also reiterated the Italian position in favor of hiking the World Bank's capital and for a "selective liberalization" with regard to delays in repayment of loans granted by the bank.

He lamented the fact that progress in all these areas has so far been insufficient and that available forecasts indicate that the picture will not improve in the near future.

Several Latin American and African countries have realized the need to transform certain austerity measures into a more far-reaching economic policy, he said, but other nations have been slow in getting the message. It is indispensable that an international context be created in which a substantial reduction becomes possible of the bite debt-servicing takes out of a nation's gross national product, he said.

If multilateral financial organizations are to be effective, macro-economic adjustments must be put into practice with greater determination, Goria went on. The initiatives of the multilateral institutions must be developed along two fronts, he told the ministers and delegates meeting here.

On the one hand, the adjustment and the growth of the indebted nations must be furthered by using all of the instruments called for by economic systems often very different from one another, he said.

On the other, solutions must be found which allow the World Bank to exercise, directly or indirectly, a marked influence on such things as the channeling and coordination of finances flowing in from both the private and public sectors, he said.

Goria voiced satisfaction for the ratification of the "MIGA" convention, an instrument which guarantees private investment in the developing world.

He reiterated the Italian conviction that direct investments are crucial to the growth process in the developing countries.

CSO: 4100/013

S. KOREA/ECONOMY

BRAZIL, ARGENTINA, ADDRESS SEOUL IMF MEETING

PY080112 Madrid EFE in Spanish 1602 GMT 6 Oct 85

[Text] Seoul, Oct 6 (EFE)--Brazil and Argentina today explained the position of the developing countries in view of the serious problems in the world economy, especially the foreign debt of those countries.

The Brazilian and Argentine Ministers of Finance and Economy, Dilson D. Funaro and Juan V. Sourrouille, respectively, today spoke before the IMF Provisional Committee and clearly explained the position of the developing countries.

The Brazilian minister, who spoke on behalf of Colombia, Ecuador, Guyana, Haiti, Panama, the Dominican Republic, Suriname, and Trinidad and Tobago emphasized the seriousness of the large debt, saying that Brazil will fulfill its international commitments.

The Argentine minister indicated that the adjustment efforts made so far by the developing countries have not been sufficient to change their situation. He expressed the urgent need for those countries to guide their efforts toward positive adjustments to be able to achieve medium- and long-range growth.

Dilson Funaro said that the prospects of the world economy are not good. He pointed out that the recent measures to depreciate the dollar and to stop protectionism are positive, and that the debtor countries are still offering a reorganization model for the foreign debt with the choice of taking it or leaving it, which is a situation that does not leave room for investment and economic growth.

He said that the time has come for all countries in the international arena to bear the burden of solving the debt problem. In reference in Brazil, he said that the 5.5-percent economic growth predicted for this year is what the country needs to prevent an explosive growth of unemployment and the intensification of underemployment.

Funaro said: In Brazil we are ready to work with the creditor countries to safeguard the interests of the creditor and debtor countries, hoping that common sense will prevail.

Sourrouille gave a very gloomy picture of the international economic situation, indicating that changes should be made in the current international monetary and financial system.

The Argentine minister spoke on behalf of Bolivia, Chile, Paraguay, Peru, and Uruguay.

Sourrouille emphasized that a lasting solution to the debt problem will not be found if traditional methods are followed. He said that the impact of recent problems, such as the fall in the prices of our main export products and the high interest rates on our debt, are highly significant. He added that the hope that the adjusting process of the debtor countries will have the needed impact to face such situations means to intensify, without economic justification, the already difficult social and political situations.

The Argentine minister recalled the proposals of the Group of 24 to create a new fund to compensate for the interest rate increases, to issue new Special Drawing Rights because there are no technical reasons to postpone them, and to expand access to IMF resources by the member countries.

In conclusion, the minister asked for the formation of a representative committee to study the proposals of the Group of 24 and the Group of 10 on reforms in the international monetary system.

CSO: 4100/013

S. KOREA/ECONOMY

TOURE ADDRESSES CONCLUDING IMF-IBRD MEETING

SK110309 Seoul YONHAP in English 0250 GMT 11 Oct 85

[Text] Seoul, Oct 11 (OANA-YONHAP)--Mamoudou Toure, chairman of the IMF/IBRD joint meeting here in Seoul, said Friday that the International Monetary Fund and the World Bank "must take the initiative in helping to overcome the debt problems" of the developing countries.

In concluding remarks ending the four-day joint meeting Friday, Toure, chairman of the board of governors of the World Financial Institutes, said that the industrial countries must maintain vigorous and open economies, as well as provide adequate financial assistance.

If adjustment is to be successful in the long term, it cannot be separated from the need to combat poverty and ensure growth, he said.

"There appears to be a growing consensus that if the IMF is to play its assigned role in the coming years, a capital increase is absolutely necessary, he said.

He further said that cooperation between the bank and the fund in designing structural adjustment programs would be valuable, provided that there is no cross-conditionality.

Allocations of SDR's (special drawing right) would help developing countries to meet their liquidity needs and would be fully consistent with the fund's articles of agreement.

Noting that many speakers at the meeting pointed out that the debt problem is the responsibility of the entire international community, he said that the developing countries must also struggle to carry out adjustment programs and service their debts.

"In light of the uncertainties about the world economic outlook and the serious difficulties facing many countries, the enlarged access policy should be continued in 1986," he said.

He urged the delegates to make it clear that the international community is ready to take up the challenge.

S. KOREA/ECONOMY

WORLD BANK PRESIDENT SPEAKS AT IMF-IBRD CLOSING

SK110402 Seoul YONHAP in English 0342 GMT 11 Oct 85

[Text] Seoul, Oct 11 (OANA-YONHAP)--World Bank President A.W. Clausen said Friday that a proper balance must be struck between economic growth and political stability before austerity policies can be implemented.

"Both the World Bank and the fund (IMF) adjustment programs have already placed an overemphasis on austerity to such an extent that they unintentionally, but frequently, have implications on the survival of the democratic system in the countries concerned," Clausen said.

In a speech concluding the four-day joint IMF/IBRD meeting here, Clausen said that the IMF will have to play a greater role in providing surveillance over the activities of its members and will have to adhere strictly to its policy of treating all its members--developing as well as industrial countries--in a uniform manner.

Clausen said the IMF needs to provide "stronger and more effective" surveillance over the economic policies of major industrial countries and that the prosperity of the world is a matter of shared responsibility.

Clausen added that the possibility of a return to normalcy in the global economic situation rests substantially on the IMF's role in multilateral surveillance.

Clausen expressed disapproval of the decision to reduce the access limits to the IMF resources under the enlarged access policy in 1986, describing it untimely and unjustifiable.

Noting that the actual access a member country normally obtains is substantially below the limits, Clausen said that an attempt should be made to make the limits more meaningful.

"Furthermore, ...further tightening of conditionality on access should be avoided as conditionality is already sufficiently tightened to such an extent that it may have precluded a number of countries from coming under the fund's adjustment umbrella," he said.

The World Bank president urged industrial countries to exert greater efforts to increase the supply of official development assistance (ODA) funds. He asked them to follow the example of Japan, which pledged to double the amount of ODA funds to be contributed by 1992.

Clausen said the so-called trust fund reflows, deliberated by the interim committee, should be used to provide assistance to low-income member countries on terms similar to the original trust fund.

"The possibility of more lenient terms, even on a grant basis, for a portion of the resources should be explored; so should the possibility of using it as a bridging facility for countries with serious problems or for those in arrears to the fund so that they may overcome their difficulties," he said.

Emphasizing the urgency of adequate international liquidity for the international monetary system to function smoothly, Clausen renewed his notion that the special drawing rights (SDR) must be assigned a useful role in meeting the long-term need for unconditional reserves and in providing a safety net for future contingencies.

"I therefore strongly support a reasonable SDR allocation by the fund at the earliest opportunity," he said.

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S. KOREA/ECONOMY

IMF-IBRD CONFERENCE EXPRESS CONCERN FOR PROTECTIONISM

Daily Warns Developed Countries

SK082357 Seoul THE KOREA HERALD in English 9 Oct 84 p 4

[Editorial: "Danger of Protectionism"]

[Text] Men are prone to overlook past experiences because of shortsighted self-interest. This forgetfulness, no doubt, is largely to blame for the vicious cycle of folly in the history of mankind. Reason so often proves helpless, given that human inclination.

The history of the world economy is one good example. We are still haunted by the economic ordeals the protectionist policies of industrialized countries brought about in the early 1930's, giving rise to dire consequences thereafter.

It's not an idle thinking to compare the protectionist tendencies of today's world with the situation at the start of the 1930's. Protectionism very well can trigger an acceleration of selfish pursuits with far-reaching consequence and disadvantage for all parties.

At this juncture, worthy of note is the warning of President Chon Tu-hwan that protectionism, if unchecked, could develop into "economic warfare," a situation which conceivably could lead to military conflict. Addressing the opening ceremonies yesterday of the 40th joint annual meetings of the IBRD and IMF, the president said, "In order to prevent such a process of decay, I wish to ask all nations to join forces in transforming the danger of economic warfare into cooperation through fair competition."

His warning was timely and issued at the proper place, considering the formidable role the IBRD and IMF play in the world economy. We tend to look to the two organizations to exercise "strong leadership" to make such cooperation a reality.

The indebtedness of many developing countries is now a critical problem that affects not only the debtors but also, increasingly, the entire world economy. That the joint meetings are focusing on this matter is an indication of its seriousness. Undeniably, that problem arises largely from growing protectionist barriers.

This behooves the present joint meetings to help discourage the protectionist moves among the developed countries that are prone to reduce world trade, result in an economic downturn, and threaten countries with economic stagnation. The truism needs to be recalled that a country can't achieve its security or enjoy prosperity alone in this global society.

The reality that is undeniable but also apt to be ignored is that developing countries are a growing market that increasingly contributes to the world economy, not to mention being a factor that can destabilize the world community. Herein lies the need for a sound world economy for which any obsession with narrowly perceived self-interest must be avoided.

Developed countries are primarily responsible for sustaining the world economic order from a historic perspective aimed at keeping the world from a disaster that would serve no one's interests in the end.

#### Call to End Protectionism

SK091031 Seoul YONHAP in English 0947 GMT 9 Oct 85

[Text] Seoul, Oct 9 (OANA-YONHAP)--Palle Simonsen, Danish finance minister, Wednesday called for an immediate end to the growing worldwide trend toward protectionism, which restricts the free flow of goods and services.

On the second day of the 40th annual IMF/IBRD joint meeting here, Simonsen said that "protectionism implies high costs and yields no benefits" for either developed or developing countries.

Simonsen's remarks were made on behalf of the five Nordic countries--Denmark, Finland, Iceland, Norway and Sweden. Attending the four-day Seoul IBRD/IMF conference are about 9,000 people, including top government financial officials and leading bankers from every corner of the world.

The Danish finance minister expressed satisfaction with the recent appreciation of the Japanese yen against the U.S. dollar and called upon the Japanese authorities to pursue policies that will further strengthen the yen.

The value of yen has risen continuously since the finance ministers of the so-called G-5 nations--the United States, Britain, West Germany, France and Japan--met in New York in late September.

Simonsen lauded their decision to push down the value of the dollar.

Such a better coordination of economic policies of the major industrial countries would not only help to reduce large imbalances among industrial countries, thereby easing protectionist pressures, but would also be a major contribution in alleviating the problems of the developing countries," he said.

The finance minister gave his full support to the efforts to convene a new round of multilateral trade negotiations, within the framework of the general agreement on tariffs and trade (GATT) at the earliest possible date. The GATT is a 92-member treaty governing much of the world's trade.

The proposed new GATT round must reflect the interests of all contracting parties and will be conducive to easing the mounting global protectionist trends, Simonsen said.

Freer access to markets in the industrial world must be granted to developing countries because these countries will suffer the most, if protectionism spreads, he added.

The finance minister said, "the Nordic countries would continue to endorse a solution of debt problems based on a case-by-case approach and deeply appreciate the crucial role of the IMF in this process."

#### Defusing Trade Tensions

HK091132 Hong Kong AFP in English 1036 GMT 8 Oct 85

[Text] Seoul, Oct 8 (AFP)--International Monetary Fund (IMF) Managing Director Jacques De Larosiere said today that protectionism was the most disturbing of all the potential threats to the world economic system.

Industrial countries must "take the lead in defusing trade tensions" and in bolstering the multilateral trading system, he told the annual assembly of the IMF and the World Bank.

Mr De Larosiere made a thinly-veiled allusion to mounting trade friction between the United States and Asian countries, especially Japan, and mounting pressure in the United States for steps to curb imports.

He said trade imbalances "essentially reflect imbalances in savings and investment between major countries," stressing that protection against rising import penetration was no answer.

A further rise in protectionism could lead to a contraction in world trade, with dangerous consequences for indebted countries and the financial system, he said.

Mr De Larosiere said the "only workable approach" to easing the debt service burden faced by developing countries was to allow debtors to "grow out of debt."

The IMF chief said the "critical challenge" at present was to "firm up the path of world recovery."

This required U.S. action to cut its budget deficit, and a determined attack on structural problems that hamper growth and job creation in Europe, he said.

Developing countries still had a long way to go, despite the progress achieved in the past three years, he warned. They must continue their adjustment efforts, but needed the backing provided by a steady growth of at least 3 percent in the industrial world, as well as adequate finance.

He said it was "essential" that banks facilitate the efforts of developing countries to pursue sound adjustment policies "by making new money available in appropriate circumstances."

He asked bankers to show "imagination and flexibility," arguing that this would improve the "quality and security" of their existing investments.

He said it was also important to make sure that banking regulations did not inhibit a resumption of credit flows.

Luxembourg Official on Trade Protectionism

SK081142 Seoul YONHAP in English 1046 GMT 8 Oct 85

[Text] Seoul, Oct 8 (OANA-YONHAP)--Jacques F. Poos, deputy prime minister of Luxembourg, Tuesday urged the delegates to the 40th annual joint IMF/IBRD meeting to conclude preparations as soon as possible for the renewal of multi-lateral trade negotiations, in order to deter the trend toward protectionism.

"In a world where economies are more and more interdependent in both real and financial terms, governments must make it a priority to resist and reduce protectionist pressures and to convince their publics of the shortsightedness of the protectionist approach," he said.

Poos, who serves concurrently Luxembourg's minister of economy, [as received] made these and other remarks in an address on behalf of the European economic community in the joint meeting, which opened Tuesday at the Hilton Hotel here.

To resolve debt problems, Poos said, the continuation of cooperation and dialogue between debtors, creditors and international organizations is of the utmost importance. There are no short-term advantages to be gained through unilateral actions, he added.

If dialogue and cooperation are implemented, Poos said, the prospects for world economic growth, in the community's view, warrant moderate optimism for the short term and greater confidence in the medium term.

He continued: "The member-states of the community welcome the comprehensive review of the future role of the SDR in the international monetary system, which is to be undertaken by the executive board of the fund, and hope that this study will help clarify the issues and thus delineate the scope for any action in this field."

To sustain the restoration of sound economic policies in developing countries, official development assistance and other bilateral and multilateral financial flows to those countries need to be upheld, Poos said.

EEC Warning at IMF Meeting

HK081014 Hong Kong AFP in English 0951 GMT 8 Oct 85

[Text] Seoul, Oct 8 (AFP)--The European Economic Community (EEC) warned of the dangers of protectionism and the world debt situation here today.

Speaking to the general assembly of the International Monetary Fund (IMF) and the World Bank, Jacques Poos of Luxembourg said results had been achieved in settling the debt problem but that they were "fragile."

He appealed for cooperation and dialogue among debtors, creditors and international organizations. There was no advantage in unilateral actions, not even in the short term, he said.

"In a world where economies are more and more interdependent... governments must make it a priority to resist and reduce protectionist pressures and to convince their public of the shortsightedness of the protectionist approach," he said.

He said that EEC member states had tried to remedy structural problems in their economies. Their progress had been variable, but the general trend was clear, he said.

Mr Poos said the EEC reaffirmed the need to conclude preparations for a new round of trade negotiations in the General Agreement on Tariffs and Trade (GATT) "as soon as possible."

A successful outcome would also depend on progress towards increased monetary and financial stability which "underpin the functioning of international trade," he said.

"Parallel results" should be sought in the trade and monetary fields, he said, reiterating the position adopted by the EEC in a tussle with the United States at the Bonn Seven-nation summit in May.

Takeshita Speaks at Meeting

OW081333 Tokyo KYODO in English 1015 GMT 8 Oct 85

[Text] Seoul, Oct 8 KYODO--Japanese Finance Minister Noboru Takeshita said Tuesday the most important policy challenge for the world economy is to resist mounting trade protectionist pressures and strengthen the free trade system.

"My country (Japan) views the present unprecedented rise in protectionist pressures as an emergency situation," Takeshita told the joint annual meeting of the International Monetary Fund (IMF) and the World Bank.

To this end, Takeshita called for an early start to a new round of trade negotiations aimed at liberalizing trade and for currency exchange rates to be brought into line with economic fundamentals.

Major industrial countries, he said, should continue their concerted efforts to lower the value of the U.S. dollar against major non-dollar currencies.

"The exchange rates in recent years, by substantially distorting the relative prices of goods and services of various countries, have become the major cause of large and persistent current account imbalances," Takeshita said.

Turning to the world debt problem, Takeshita said there are a number of "sobering factors that do not allow optimism about future prospects," calling for a convergence of economic policies with the IMF playing the central role and a continuing case-by-case approach to financing.

He said the World Bank should strengthen its catalytic role in mobilizing governmental aid resources as well as private funds in line with its own operations to utilize its limited resources as efficiently as possible.

He added that further economic development in indebted countries is becoming an increasingly vital challenge.

On Japan's domestic policies in relation to trade issues, Takeshita pledged that Japan will liberalize its financial and capital markets and will further internationalize the yen.

CSO: 4100/013

S. KOREA/ECONOMY

KOREA HERALD CALLS FOR SUCCESSFUL IMF-IBRD MEETING

SK080045 Seoul THE KOREA HERALD in English 8 Oct 85 p 4

[Editorial: "IBRD/IMF and Korea"]

[Text] The joint annual meetings of the World Bank and the International Monetary Fund open here today with the presence of thousands of leading finance officials and bankers from 149 countries. The assembly of financial leaders of the world is taking place at a strategic site at a crucial time.

Seoul as the venue of the meetings is highly significant since the Republic of Korea presents a unique and exemplary case of dynamic economic growth--from a poverty-stricken, agrarian society to a thriving, newly industrializing country over the span of a couple of decades. The vibrant yet struggling capital city is an appropriate place for representatives from the nations of the North and the South to meet and resolve issues affecting the world at large.

Worldwide concern focused on the international debt crisis and measures to stimulate the world economy through invigorated monetary and credit systems makes the IBRD/IMF meetings this week especially important as a timely forum to come up with viable alternatives.

We Koreans are pleased to welcome the participants in the Seoul meetings for two reasons. First, we are honored and fully prepared to host this massive international conference to resolve various ailments of world economy and finance in which Korea has come to play an increasingly significant role.

At the same time, it is a sincere wish of the Korean people as well as their government to have all the delegates from abroad discover Korea firsthand. We hope their visits prove informative, enjoyable and rewarding.

Seoul has maintained close relations with the World Bank and the International Monetary Fund since it became a member in 1955. Korea has since drawn heavily on the lending resources of the organizations and their affiliates, the International Development Association (IDA) and the International Finance Corporation (IFC), in both concessional aid and private sector investments.

Going beyond the normal bank-client relationship, Korea has sought and received valuable advice and information from the IBRD, which has always been ready to

offer its expertise in economic policy planning. This record speaks well for our continued productive partnership with the World Bank.

Active preparatory talks among the representatives and their groupings suggest that the current meetings will center on the issues of debt crisis, the dollar's overvaluation, a more workable international monetary system, creation of an agency for multilateral investment guarantee, additional allocation of special drawing rights (SDRs) and development of new credit resources.

One positive initiative is likely to come from the United States, whose Treasury Secretary, James Baker, has hinted at a comprehensive initiative for increasing commercial bank lending to major debtors seeking rescheduling accords. Such efforts would help needy Third World countries to some extent.

The conception of a new world entity by the name of MIGA (Multilateral Investment Guarantee Agency) has been widely endorsed by most delegations in Seoul, including Korea. It is intended to reduce the risks of insolvency and default and facilitate direct foreign investments in developing countries. Adoption of a Seoul Convention to that end will be a decisive step forward.

An appeal issued in Seoul last weekend by the Group of 24 developing countries for more aid, easier credit and fewer restrictions on loans to relieve their embattled economies has yet to elicit a definite response from the "have" nations. Differences await ironing out through further negotiations between the two parties.

Up for debate is a shakeup of the existing international monetary system, including formulas for exchange rates. Also closely related to the problem of debt servicing is the dispute over rising trade barriers. A meaningful exchange of views among all trading partners is expected to help stem the tide of protectionism for the sake of defending free trade for all.

CSO: 4100/013

S. KOREA/ECONOMY

YONHAP CARRIES NEWS ANALYSIS ON IMF-IBRD MEETING

SK110945 Seoul YONHAP in English 0913 GMT 11 Oct 85

[Text] Seoul, Oct 11 (OANA-YONHAP)--The most significant achievement of the 40th annual joint meeting of the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF), held here Oct 8-11, was, without a doubt, the establishment of the Multilateral Investment Guarantee Agency (MIGA).

This view was endorsed by Mamadou Toure, Senegal's minister of finance and economics and chairman of the joint conference. In an exclusive interview with YONHAP News Agency on Oct 5, he said that the meeting here would lead to a turning point in the history of the two international financial organizations. He was referring, of course, to the creation of MIGA.

With the establishment of MIGA, the Seoul meeting can be considered the most significant IMF/IBRD conference since the 1967 Rio de Janeiro meeting, in which the special drawing rights (SDR's) were created, and the Nairobi meeting, in which a new international monetary form was adopted.

The purpose of MIGA, which is also referred to as the "Seoul Convention," is to promote the flow of financial resources to productive businesses in developing countries by guaranteeing foreign investments against non-commercial risks, including transfer risks, which occur when a host government restricts the conversion and transfer of currency, expropriation risks, the risk of government repudiation of contractual commitments, and the risks of armed conflict and civil unrest.

MIGA will also provide its members with information about investment opportunities and offer technical assistance. In addition, it will serve as a forum for investment policy cooperation between capital-importing and capital-exporting countries.

The new agency will begin operations after five capital-exporting and 15 capital-importing countries ratify the convention, provided that the total subscriptions of these countries amount to at least one-third of MIGA's authorized capital (about 1 billion U.S. dollars). Only 10 percent of the initial authorized capital will be paid in cash, 10 percent in promissory

notes and the remaining 80 percent will be callable capital. Membership in MIGA will be open to all member-countries of the World Bank and to Switzerland.

In view of the fact that the creditor nations were less than enthusiastic with extending help to the heavily indebted developing countries during the IMF/IBRD meeting, the birth of MIGA takes on added significance, an economic expert here said.

The most heated debates during the four-day conference centered around the global debt problems. The developing countries unanimously held the developed countries responsible for the global economic crisis and demanded that something be done immediately to find fundamental solutions to the crisis.

The Brazilian finance minister said that the debt crisis facing developing countries is so critical that "no time can be spared to wait for the recovery of order in the international economic system."

Developing countries contended that the system of lending to individual nations should be abandoned in favor of a package lending system and called for the allocation of additional special drawing rights (SDR's) and the return to a generalized system of fixed exchange rates.

In response to the desperate pleas of developing countries for more concessionary financial resources, the industrialized countries, led by the so-called "G-5" nations--the United States, Britain, West Germany, France and Japan--demanded that the developing countries tighten their belts and promote economic growth through policy adjustments.

The position of the developed countries was articulated by the Chief U.S. Delegate, James Baker, who said it is impossible to incessantly pour money into countries that do not implement adjustment policies.

The president of West Germany's federal bank said that 50 percent of the external debts of developing countries results from the flight of capital.

The growing world-wide trend toward protectionism was severely criticized by many delegates, who argued that the trend is the major factor behind the global debt crisis and economic stagnation. In his welcoming speech at the opening session on Oct 8, South Korean President Chon Tu-Hwan cited the dangers of the trend.

Chon said:

"If protectionism continues to grow unabated, it could develop into economic warfare, in which every nation pursues its own so-called self-interests at the expense of all others. No one can be sure that this sort of situation might not lead to military conflict."

Although the delegates failed to reach concrete agreements on how to help ease the ongoing world-wide economic recession, how to improve the international exchange rate system or how to check mounting protectionism, they reached a general consensus that the debt problems facing developing countries are of a critical nature.

There is a widespread belief among Korean and foreign economic experts that the United States, which plays a crucial role in the global economy, will push ahead with a plan to strengthen the roles of commercial banks, the IMF and the IBRD in solving the debt problems of developing countries and that it will inject renewed vigor into the stagnant world economy.

This view was supported by the U.S. proposal to provide an additional 20 billion dollars through commercial banks over the next three years as concessional resources for debt-ridden developing countries.

One thing upon which the delegates to the four-day Seoul conference agreed is that nothing is more urgent than the development of a "highly integrated approach" involving the "four principal players"--the governments of the industrialized nations, the governments of the developing nations, the private financial sources and the multilateral financial institutions--in tackling the current global economic problems and in promoting the sustainable growth of the world economy.

CSO: 4100/013

S.KOREA/ECONOMY

BRIEFS

IMF-IBRD CONFERENCE 'TURNING POINT'--Seoul, Oct 11 (OANA-YONHAP)--The 40th annual joint IMF/IBRD meeting, held here Oct 8-11, marked a turning point in the world's efforts to solve its financial problems, Kim Man-che, South Korea's finance minister, said Friday. Kim led the Korean delegation to the meeting. In a statement issued after the four-day conference concluded, Kim said that the meeting provided a good opportunity for South Korea to improve its ties with third world countries and with nations with which it does not have diplomatic relations. The delegates to the joint meeting agreed to help the poorest nations of the world in various ways, including the establishment of a Multilateral Investment Guarantee Agency (MIGA), which will promote the flow of direct investments to developing nations, he said. Kim also said he expects the world economy to recover in the near future. The decreased value of the U.S. dollar will ease protectionist sentiment in the United States, thereby boosting Korean exports to the U.S. market, he explained. The IMF/IBRD meeting was the largest international gathering ever held in South Korea.  
[Text] [Seoul YONHAP in English 0941 GMT 11 Oct 85 SK]

DEBT RESCHEDULING PROPOSED IN SEOUL--At the IMF meeting in Seoul, Brazilian Finance Minister Dilson Funaro has defended the rescheduling of foreign debt payments and the granting of new loans to developing countries to enable them to achieve greater economic development. The creditor banks have welcomed Funaro's proposal, because they would prefer to grant new loans to the debtor countries in order to collect interest. Some Brazilian businessmen have opposed the minister's proposal because they disapprove of the policy of increasing the foreign debt. Antonio Emilio de Moraes, for instance, has voiced his opposition to increasing the Brazilian debt. He said that this policy will only cause the state enterprises to become stronger and will create new unsound priorities, such as the Steel Railway project, the Niteroi Bridge, and the nuclear project. [Text] [Sao Paulo Radio Bandeirantes in Portuguese 1550 GMT 7 Oct 85 PY]

FINANCE MINISTER MEETS MEXICAN OFFICIAL--Seoul, Oct 7 KYODO--Mexico's secretary of finance and public credit, lic, [as received] Jesus Silva-Herzog, said Monday property damage in Mexico City caused by the September 19 earthquake amounted to 3 billion dollars. He said this at a meeting with Japanese Finance Minister Noboru Takeshita. Both are here for an annual meeting of the International Monetary Fund (IMF) and the world bank. Herzog told Takeshita that despite the damage, the debt-burdened Latin American country will stick to its

three-year-old multiyear economic adjustment and debt rescheduling plan, as it has agreed in principle with Japan and other western industrial nations, Japanese officials said. Takeshita praised the Mexican government's decision to maintain its credit restraint policy, they said. [Text] [Tokyo KYODO in English 0046 GMT 8 Oct 85 OW]

COUNTRIES MEET FOR BORROWING ARRANGEMENTS--Seoul, Oct 6 (OANA-YONHAP)--The ministers and central bank governors of the countries involved in the general arrangements to borrow (gab) Sunday exchanged views on matters to be discussed in the forthcoming meeting of the interim committee of the International Monetary Fund (IMF). The participants of the meeting, chaired by N. Takeshita, Japanese finance minister, elected H. Onno Ruding, finance minister of the Netherlands, as chairman of the group of 10 for the coming year. The ministers and governors expressed their gratitude to the Korean authorities for their cordial hospitality and for the excellent arrangements they made for the meeting. Attending the meeting were Jacques Larosiers, IMF managing director; J.C. Paya, secretary general of the organization for economic adviser and head of the monetary and economic department of the bank for international settlements; and M. Russo, director general of the commission of European communities. [Text] [Seoul YONHAP in English 0724 GMT 6 Oct 85 SK]

IMF, WORLD BANK END MEETING--Seoul, Oct 11 KYODO--The International Monetary Fund (IMF) and the World Bank wound up a four-day joint annual meeting Friday after agreeing to establish a new organization to encourage private investment in developing countries to help ease their swollen foreign debt. World Bank President A.W. Clausen told the closing session that the bank is "greatly gratified" by the agreement to set up the Multilateral Investment Guarantee Agency (MIGA). The agency will compensate business for their direct investments lost by war, nationalization and other noncommercial developments in third world countries. It will come into being when 20 of the bank's 149 members sign the agreement. IMF managing director Jacques De Larosiere said in his closing address that the meeting was dominated by "the need to increase the economic vitality of indebted countries so that they may overcome their external financial difficulties through sustained growth." He described as "constructive and comprehensive" a proposal by U.S. Treasury Secretary James Baker to increase the flow of capital to developing countries by 29 billion dollars over the next three years--9 billion dollars in loans by the bank and other international lending agencies and 20 billion dollars by commercial banks. The next meeting will be held in Washington September 30-October 3, 1986. [Text] [Tokyo KYODO in English 0542 GMT 11 Oct 85 OW]

FINANCE MINISTER AT IMF MEETING--Seoul, Oct 9 (AFP)--South Africa said today that the international debt crisis was "getting worse, not better," but stressed that its own financial problems were different from those of debt-burdened Third World nations. South African Finance Minister Barend de Plessis told the annual assembly of the International Monetary Fund and the World Bank that the interbank market and the banking and monetary system had become more vulnerable to disruptive influences including "precipitate actions by opportunistic individual banks." Citing the financial developments that forces South Africa to declare a standstill on forging debt repayment on September 1, Mr De Plessis said this was prompted by "a sudden large withdrawal by some

foreign banks" of short-term credit facilities to local banks and enterprises. The minister refrained from any references to the anti-apartheid riots that preceded the foreign banks' move, but stressed the differences between South Africa's economic situation and that of developing debtor countries. Noting that South Africa had started negotiations with its major creditor banks, he said that a "unique" procedure had been worked out since, owing to "obvious structural and political differences," the solution to his country's problem could not be copied from others. [Text] [Hong Kong AFP in English 1455 GMT 9 Oct 85 HK]

NIGERIAN MINISTER CITED AT MEETING--Seoul, Oct 7 (AFP)--African countries must have a "realistic" attitude to their foreign debts and avoid confrontations with their creditors, Nigerian Finance Minister Kalu Kalu said here. Speaking yesterday at a press conference, Mr Kalu expressed anxiety about the fall in oil prices which could affect the ability of producer countries like Nigeria to meet their debts. Price instability after the recent meeting of the Organization of Oil Exporting Countries (OPEC) is causing "a lot of worry" for the months to come, Mr Kalu said. The newly-appointed Nigerian minister, who is in Seoul for the meeting of the International Monetary Fund and the World Bank meeting, said African states should try "not to dramatize" the debt question, and should rule out any repudiation or partial repayment on money due. But he added that creditors had an "absolute" duty to leave debtor countries a margin for growth in any agreements on rescheduling debts. The Nigerian Government, which relies on oil for the bulk of its export revenue, has to spend nearly half that revenue on repaying debts, many of which it contracted in the years of [the] oil boom. [Text] [Paris AFP in English 1248 GMT 7 Oct 85 AB]

BRAZILIAN SOURCE ON MEETING--Seoul, Oct 9 (AFP)--Private banks have said that they will only give Brazil fresh assistance if a new economic program to be presented by Brazil next month receives the blessing of the International Monetary Fund, Brazilian sources said here today. A high-ranking official of the Brazilian delegation to the annual meeting of the IMF and World Bank here said an advisory committee of creditor banks had indicated this, but had also said they did not want to push heavily-indebted Brazil "to the gallows." Brazil and the committee, headed by U.S. Citibank Chairman William Rhodes, have held several meetings here in the last few days. The Brazilian Finance Ministry announced on Monday here that Brazil would present a new economic plan, drawn up without IMF assistance, in November. The climate at Brazil's first meeting with the banks was tough, a Brazilian official told AGENCE FRANCE-PRESSE. But he added that overall the meetings had been "very positive." Brazil does not currently need new credit to pay interest on its debts. But new loans would take the pressure off its domestic capital markets and lower interest rates there. The official said this would lead to more private investment in Brazil and a consequent reduction in public spending. He said that this was exactly what the private banks and IMF wanted to see. [Text] [Hong Kong AFP in English 1001 GMT 9 Oct 85 HK]

BANGLADESH OFFICIAL ADDRESSES IMF MEETING--Seoul, Oct 10 (AFP)--Bangladesh's principal Finance Secretary M. Syeduzzaman today declared that for the least-developed countries like Bangladesh the single most important element in the

hostile world economic environment is the steady decay of concessional finance for economic development in the last several years. "I cannot resist referring to our own experience of a sharp decline in fast-disbursing resources in the past year when the deterioration in our balance of payments was one of the worst because of exogenous factors," he told the annual meeting of the World Bank and the International Monetary Fund. He pointed out that IDA, which is the centerpiece of concessional flows, has suffered "greviously" from subjective obstacles to an adequate seventh replenishment. Noting with disappointment the absence of any examination of its adequacy in the recent mid-term review of DIA-VII, he expressed hope that the future negotiations for IDA-VIII will fully bear in mind the "self-evident inadequacy of IDA-VII. [quotation marks as received] He also criticized that the World Bank and the IMF do not articulate strongly enough the international responsibilities of the developed economies and in contrast they are demanding and perfectionist in their prescriptions for the developing countries. [Text] [Hong Kong AFP in English 0935 GMT 10 Oct 85 HK]

IMF DIRECTOR WANTS NEW FACILITY--Seoul, Oct 10 (AFP)--IMF Managing Director Jacques De Larosiere wants to make operational by the year-end a new IMF facility designed to provide "soft" payments assistance to low-income countries mainly in Africa and Asia, monetary sources said today. The facility was set up last Sunday by the interim committee, the top policy-making body of the International Monetary Fund. It will be financed from about 2.7 billion dollars to be repaid by 1990 on loans granted in the late 1970s to poor countries hit by high oil prices, out of the proceeds of IMF gold sales placed in a trust fund terminated in 1981. Monetary sources said about 200 million dollars would be available for lending from the revived fund by the end of the year, while the annual allocation would average 500 million annually over the next four years. They said at least 60 percent of the total would go to Sub-Saharan African countries and the remainder to Asian and South American countries with an annual per capita income of less than 550 dollars. To qualify, countries must be faced with "protracted" payments problems and undertake to carry out structural adjustment programs. India and China, as a token of solidarity with crisis-stricken African nations, announced here this week that they would not draw on the facility. [Text] [Hong Kong AFP in English 1146 GMT 10 Oct 85 HK]

CSO: 4100/013

## S.KOREA/SOCIAL CONDITIONS

### STUDENTS REGARD SELF-DETERMINATION MOST IMPORTANT

SK150120 Seoul THE KOREA TIMES in English 15 Oct 85 p 8

[Text] Self-determination and self-reliance are regarded by collegians as the most important factor in international relations, followed by economic interests and national security.

Such a fact was revealed in a survey conducted by the Seoul National University newspaper, involving 776 students, on the occasion of the 39th anniversary of the founding of the state-run university.

A total of 60.3 percent of the respondents selected the self-determination spirit as the most important thing, 22.6 percent economic interests and 14.7 percent national security.

As for the question on the most unhappy event in the nation's history, the "Kwangju incident" and the Korean War topped the answers. Such a high percentage on the Kwangju incident was believed to have been caused by the fact that all of the students had not experienced the tragic Korean War.

On the question of elements detrimental to democratic development, undemocratic rule by the political leadership accounted for 49.2 percent, followed by poor knowledge by the people of democracy, 27.8 percent, and the national territorial division, 16.7 percent.

A whopping 97.5 percent replied that the nation's economy is subordinated to foreign countries. In addition, 95.1 percent responded that the distribution of income is unequal and unfair.

When it came to campus liberalization, 52.3 percent called for complete autonomy and liberalization. As to student participation in political affairs, 45.3 percent wanted legal methods, in principle.

The survey also showed that 63.2 percent replied that the punitive measures against students should be eased and that as many as 96.8 percent responded that the society described in high school textbooks is quite different from the reality.

CSO: 4100/012

S.KOREA/SCIENCE AND TECHNOLOGY

BRIEFS

ROK FACTORIES IN BRITAIN, FRG--Seoul, 9 Oct (OANA-YONHAP)--Two leading South Korean electric and electronic manufacturers are considering plans to set up manufacturing facilities in Europe, business sources here said Wednesday. Samsung Electronics Co and Gold Star Co are now working on concrete plans to build factories in Britain and West Germany, respectively, the sources said. Although it is not known what kinds of products the two Korean companies will produce in the European plants, there is a good possibility that they will manufacture video tape recorders (VTR's), the sources said. Since Korea began exporting VTR's to Europe early this year, the VTR's have faced strong protectionist measures, which Korea has tried to break through. Samsung plans to build production facilities in Wales, which has a reputation among Korean businessmen for its good investment environment, the sources said. The Korean firm set up a color TV plant in Spain in 1983. After considering Britain and West Germany, Gold Star selected West Germany as the site of its new plant, because that nation has many advantages for market exploration, the sources said. Samsung and Gold Star operate color TV and electronic range plants in the United States. [Text] [Seoul YONHAP in English 0516 GMT 9 Oct 85 SK]

CSO: 4100/012

S.KOREA/FOREIGN RELATIONS

NEW AMBASSADORS APPOINTED TO JAPAN, U.S., UN

SK140335 Seoul YONHAP in English [no time given] 14 Oct 85

[Text] Seoul, 14 Oct (OANA-YONHAP)--The South Korean Government Monday appointed Yi Kyu-ho, chief presidential secretary, as ambassador to Japan. Yi replaces Choe Kyong-nok, who was reassigned to the Foreign Ministry.

In a diplomatic reshuffle, Kim Kyong-won, ambassador of the Korean mission to the United Nations, was appointed as envoy to Washington. Kim replaces Yu Pyong-hyon, who was also reassigned to the Foreign Ministry.

The ambassador ship to the United Nations went to Choe Kwang-su, ambassador to Saudi Arabia.

Yi, 50, earned a doctorate in philosophy from Jubingen University in West Germany before serving as education minister, national unification minister and president of the National Teachers University. Early this year he was appointed to head the presidential secretariat.

Kim, 49, a native of Seoul, served as special presidential assistant for international affairs from 1975-80 and was chief presidential secretary for two years. He was assigned to the UN post in 1982.

With a doctorate in political science from Harvard University, Kim was a professor at York University, Canada, and later at New York University, from 1963-1967.

Choe, a graduate of Seoul National University, has served as director of the Foreign Ministry's Asian Affairs Bureau, assistant defense minister for munitions, senior presidential secretary, minister without portfolio and communications minister.

Choe, 50, a native of Seoul, served as ambassador to Japan for five years and two months, beginning in August 1980. Yu had been ambassador to the United States since June 1981.

CSO: 4100/012

S.KOREA/FOREIGN RELATIONS

BRIEFS

EX-PRESIDENT TO VISIT AMERICAS--Seoul, 4 Oct (YONHAP)--Former South Korean President Choe Kyu-ha left here Saturday afternoon for a month-long visit to five American nations, including the United States. Choe, who serves as chairman of the Advisory Council on State Affairs, plans to visited the United States, Canada, the Dominican Republic, Venezuela, Jamaica in addition to the United States. [as published] During his American tour, Choe will meet with high-ranking government officials, including Salvador Jorge [indistinct] president of the Dominican Republic; Jaime Lusinchi, president of Venezuela; and Horizela Glasspole, governor general of Jamaica. Choe is expected to explain to them the recent political situation on the Korean peninsula, including the inter-Korean dialogue, the South Korean Government's unification policy and preparations for the 1988 Seoul Olympics. The former president also plans to meet with Korean residents in New York, Chicago, Vancouver and Montreal. Choe is scheduled to return to Korea on October 29. [Text]  
[Seoul YONHAP in English 0534 GMT 4 Oct 85 SK]

FRG'S BAVARIAN MINISTER VISITS--Seoul, 10 Oct (YONHAP)--Franz Josef Strauss, minister-president of Bavaria in West Germany, arrived here Thursday for a four-day visit. During his stay here, Strauss, who is also chairman of the Christian Social Union (CSU), plans to pay a courtesy call on Korean President Chon Tu-hwan, a Foreign Ministry official said. Strauss also plans to meet with Yi Chae-hyong, National Assembly speaker, and No Tae-u, chairman of the ruling Democratic Justice Party (DJP). They will discuss international issues and ways to promote bilateral cooperation, the official said. Strauss is also scheduled to tour the headquarters of the Saemaul Undong (New Community Movement), the truce village of Panmunjom and the third infiltration tunnel dug by North Korea, under the demilitarized zone, the official said. Strauss, who served as minister of defense and minister of finance, is a leading political figure in West Germany. He organized the CSU in 1945 and became chairman of the party in 1961. He has been minister-president of Bavaria since 1978. [Text] [Seoul YONHAP in English 0925 GMT 10 Oct 85 SK]

NO SIN-YONG, NAKASONE TO MEET--Tokyo, 9 Oct (OANA-YONHAP)--Japanese Prime Minister Yasuhiro Nakasone plans to meet with his South Korean counterpart, No Sin-yong, during his visit to New York, where he will attend the 40th session of the UN General Assembly later this month, a Japanese Foreign Ministry official said Wednesday. Nakasone has directed the Foreign Ministry to adjust his schedule in New York accordingly, and the Japanese Ministry

and the Korean Government are making arrangements for the meeting, the official said. No is scheduled to visit New York October 18-24. In a speech before the assembly on October 21, he will explain the international situation on the Korean peninsula and recent progress in inter-Korean relations. While in New York, Nakasone also plans to meet with Chinese Prime Minister Zhao Ziyang. Nakasone and No are expected to discuss the international situation on the Korean peninsula and ways to strengthen Korean-Japanese relations. They will probably also exchange views on Japan's controversial system of fingerprinting foreign residents, the official said. [Text] [Seoul YONHAP in English 0139 GMT 10 Oct 85 SK]

UNESCO MEETING IN BULGARIA--Seoul, 14 Oct (OANA-YONHAP)--An 18-member South Korean delegation, headed by Education Minister Son Chae-sok, will leave here Wednesday for Sofia, Bulgaria, where it will participate in the 23d general conference of UNESCO. Son is scheduled to give a keynote speech at the meeting. About 3,000 delegates from 160 member-countries are expected to attend the general conference. The meeting, which began on October 8, is scheduled to continue for one month. The participants are expected to discuss plans to reform the United Nations educational, scientific and cultural organization and the 1986-87 budget, in the wake of the withdrawal of the United States on December 31, 1984. Son plans to return to Korea on October 24. [Text] [Seoul YONHAP in English 0707 GMT 14 Oct 85 SK]

CSO: 4100/012

S.KOREA/FOREIGN TRADE

JENKINS BILL TO BRING BOOMERANG EFFECT TO U.S.

SK150136 Seoul THE KOREA TIMES in English 15 Oct 85 p 4

[Text] The U.S. House of Representatives approved last week a major trade measure to force sharp cutbacks in U.S. textile and apparel imports.

The so-called "Jenkins bill," which calls for rolling back sharply textile imports from Asian nations, including Korea and Japan, was passed. However, Korean exporters believe there is little likelihood that it will become law, as a secession of supporters was evident.

The bill was voted for by 262 supporters and about 29 of the bill's original 291 sponsors switched sides and voted against it.

The votes of two-thirds of the 435-member U.S. House and of the U.S. Senate are needed to override a presidential veto, which President Reagan has said he would exercise against such protectionist bills.

Thus, the chances of the bill passing in its original form are considered slim. Even if it were to pass, a considerable part of it would be amended and the law would not seem tough.

The House-approved bill now goes to the Senate, where a slightly different version--the Thurmond bill--is pending. According to normal procedure, the bill will be referred to a joint conference committee for adjusting the conflicting views of the Senate and House.

The Jenkins bill restricts textile imports from 12 countries, which export textile products accounting for more than 1.25 percent of U.S. textile imports each, while the Thurmond bill limits imports from three major exporting countries--Korea, Hong Kong and the Republic of China,--which account for more than 10 percent of U.S. import volume. The Senate version would impose the harshest cuts only on the "big three" exporters.

Economic observers criticized the discriminatory U.S. bill, noting that Canada and the European Economic Community are exempted from provisions of the bill and special provisions would screen Mexico and the Caribbean basin nations from the toughest rollbacks.

The controversial textile bill, named "The Textile and Apparel Trade Enforcement Act of 1985," if adopted, would cause Korean textile exporters to lose some 35 percent of their existing U.S. market share.

Korean textile exports to the U.S. last year amounted to \$2.7 billion. The bill, if put into force, is feared to cut apparel and textile imports from Korea by \$1.4 billion during the coming three years.

Asian textile-exporting countries are reacting fiercely against the Jenkins bill. Particularly, China expressed retaliatory intentions, saying that it will reconsider the import of U.S. grains.

The prediction of weakened legislation is attributable to the action of Asian countries and effective lobbying by U.S. consumers and retailers' associations alike.

Free-trade forces countered that the bill was bound to boomerang against U.S. farmers, workers and consumers by bringing retaliation of East Asia against American exports.

The Reagan administration's new trade policy, apparently aimed at "steaming out" the mounting protectionism mood in the U.S. Congress, is interpreted to be one of the factors causing earlier supporters to drop off.

On September 7, the Reagan administration ordered investigation on unfair trade practices in four areas, including Korea, on the basis of Section 301 of the U.S. Trade Act of '74, and disclosed a new trade policy.

Economic observers said if the Jenkins bill were to pass, the act would violate America's previous commitments in major international trade agreements; moreover, it would reduce the chances for improvement in the world trade system by undermining confidence in the U.S. commitment to fair and free trade.

They asserted that should the U.S. enact the proposed legislation, it would be in violation of its commitments to the Multifiber Arrangement (MFA).

To augment the provisions of the MFA, the United States has negotiated 34 bilateral textile agreements, with Korea and other countries. The provisions of the pending legislation would make the U.S. violate every one of these bilateral agreements.

In 1982, the United States and Korea negotiated a six-year, bilateral textile agreement, covering 92 percent of all textile and apparel imports from Korea.

If the United States expects developing countries to take part in the new round of multilateral trade negotiations, on which the U.S. has taken the initiative, it must offer them something of value. Restrictions on textile imports in the U.S. would strike most developing nations as a clear signal that the U.S. is not sincere in wanting to liberalize world trade, thereby dashing hopes for a new round of negotiations.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

COUNTRY TO COUNTER U.S. TRADE PROTECTIONISM

Editorial Views Protectionism

SK130018 THE KOREA TIMES in English 13 Oct 85 p 4

[Editorial: "Mounting U.S. Protectionism"]

[Text] Raising our acute concern is the passage through the U.S. House of Representatives last week of a major protectionist bill, which is aimed at severely limiting American textile and clothing imports from 11 Asian countries, including Korea, and Brazil.

The bill, if put into force, would cut apparel and textile imports from the 12 countries by around 35 percent, and those from Korea alone by over \$500 million a year.

It will take a considerable time in procedural matters to put such a bill into effect because the House-passed bill now goes to the Senate where a slightly different version is pending, and then the two similar bills should be ironed into a unified one subject to the approval by both chambers.

In addition, there is a formidable obstacle as a two-third majority in the House is required to override a presidential veto, which President Reagan has said he would exercise against such protectionist bills.

Notwithstanding the procedures, the passage of the bill through the House by a margin of 262 to 159 has certainly provided a momentum to protectionist moves in the United States. In this context, even though Mr Reagan exercises his veto power, the U.S. Administration is to be steadily pressed by U.S. Congress or mounting public opinions to adopt protectionist trade policies in one form or another.

In the face of the growing protectionist moves by advanced countries, Korean Government officials have renewed their call for stepping up cooperation among developing nations in pushing ahead negotiations with industrialized countries in efforts to positively cope with their undue import restrictive measures.

On the other hand, the Americans, particularly their industries, are advised to make their structural improvements so as to sharpen their international competitiveness, instead of resorting to trade protectionism, and thus to improve the U.S. trade balance and ease its unemployment problems.

U.S. protectionist measures, if taken, would invite retaliative steps by its trade partners, eventually disrupting world economy by aggravating developing nations' external debt burden.

Special Assembly Panel Planned

SK120021 Seoul THE KOREA TIMES in English 12 Oct 85 p 1

[Text] Political parties are planning to establish a special committee in the National Assembly, which will handle trade affairs on a supra-partisan basis in connection with the worsening trade circumstances of the nation.

The envisioned House panel will work out programs to counter the recent trend of protectionism among advanced nations and the U.S. pressure to open Korean markets to its products.

Leaders of ruling and opposition parties will discuss the formation of the special parliamentary panel soon, a parliamentary source said yesterday.

House leaders have shared the view that "supra-partisan" activities should be made immediately to help the government and the business circle break through the current difficult trade situation, the source said.

He said that the House has to launch intensive "trade diplomacy" and lobbying to cope with the protectionism and market-opening pressures.

The formation of the special committee was earlier recommended by members of the House Trade-Industry Committee when they were briefed by the government on the latest trade circumstances on September 26.

Committee chairman Rep Yun Kuk-no is taking a lead in organizing the special panel with help of Reps Pong Tu-wan, chairman of the Foreign Affairs Committee; Kim Yong-tae, chairman of the Finance Committee; and Yi Chong-chan, former floor leader of the ruling Democratic Justice Party.

The House is also planning to adopt a resolution calling for the lifting of the advanced nations' protectionism.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

DIPLOMATIC STRATEGY FOR TEXTILE IMPORT RESTRICTIONS PLANNED

SK050925 Seoul YONHAP in English 0530 GMT 5 Oct 85

[Text] Seoul, 5 Oct (YONHAP)--The South Korean Government plans to strengthen its diplomatic strategy in response to reports that the U.S. Congress is likely to pass protectionist restricting the import of textile products, a government source here said Saturday.

A bill pending in Congress would impose tariff surcharges on textile exports from developing countries.

In an effort to deter the enactment of the bill, the Korean Government plans to send a ministerial-level envoy to the United States, where he will try to persuade the Reagan administration to veto the bill, the source said.

The controversial bill has almost reached the floor of the House of Representatives, even though President Ronald Reagan has warned on several occasions that he would veto it.

The Korean Government is especially concerned about an amendment to the bill submitted last month by Sen Strom Thurmond (Rep--S. Carolina). The amended bill would affect only three Asian countries--South Korea, Taiwan and Hong Kong--and would exclude mainland China, one of Korea's main rivals in the textile trade.

If enacted, the bill would probably cut South Korea's exportation of textile products to the U.S. market by 35 percent (500 million U.S. dollars) per year, the source said.

Korean textile exporters have cancelled their plan to send a mission to the United States, saying it is difficult for exporters alone to deter the enactment of the bill.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

ATTENDANCE AT NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS

SK070732 Seoul YONHAP in English 0640 GMT 7 Oct 85

[Text] Seoul, 7 Oct (OANA-YONHAP)--South Korea plans to participate in the new round of multilateral trade negotiations proposed by the industrialized countries to create a new trade order based on free trade, a spokesman for the Ministry of Trade and Industry said Monday.

The Korean Government decided to take part in the new round because it would contribute greatly to the alleviation of protectionism in the world and would lead to the establishment of a free trade system, the spokesman said.

U.S. President Ronald Reagan proposed the new round in November 1983, when he visited Japan.

Korea has taken the position that if service issues are included on the agenda of the new round, in accordance with the desires of the advanced nations, safeguard, grey area and anti-dumping measures should be eased or improved on a preferential basis.

The spokesman said that the Korean Government plans to take a leading role in publicizing the demands of developing countries in the international trade ministers' meeting, to be held here early next year.

In a special session of the General Agreement on Tariffs and Trade (GATT), held September 30-October 2 in Geneva, developed and developing countries agreed, after a lively debate, to work on plans to hold the new round.

Five developing nations--including India, Brazil, Yugoslavia, Egypt and Argentina--voted against the idea of including service issues on the agenda of the new round.

In a regular GATT General Assembly session, scheduled for November, the matter of inaugurating a new round will be discussed, the ministry spokesman said.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

INSURANCE INDUSTRY LETTER OPPOSES U.S. PRESSURE

SK080225 Seoul YONHAP in English 0214 GMT 8 Oct 85

[Text] Seoul, 8 Oct (OANA-YONHAP)--The South Korean insurance industry recently sent a letter to the U.S. trade representative expressing its official position opposing the persistent pressure from the United States that it give American insurance firms access to the Korean market, an industry source here said Tuesday.

The Korean insurance industry sent the letter to a U.S. law firm, which will deliver it to the U.S. trade representative before October 11, the source said.

Under the direction of President Reagan, the U.S. trade representative last month ordered the insurance businesses of both countries to submit their respective opinions on the issue by October 11.

In the letter, Korean life and non-life insurance companies said that since 1958, even Korean businessmen have not been allowed to establish a new life insurance firm in South Korea. It is not true, they asserted, that foreign businesses have been discriminated against, in favor of Korean firms, in the Korean insurance market, the source said.

The U.S. industry has complained that Korea restricts foreigners from offering insurance services here.

But Korean insurance companies argue that the Korean insurance market is very small and still in the fledgling stage.

Two U.S. non-life insurance firms are now operating in Korea, but their activities are limited.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

COUNTRY 'CAUTIOUSLY STUDYING' POSSIBILITY OF OPENING MARKETS

SK110916 Seoul YONHAP in English 0855 GMT 11 Oct 85

[Text] Seoul, 11 Oct (OANA-YONHAP)--South Korea is cautiously studying the possibility of opening its markets to foreign products in the way that will least affect Korean industries, Kum Chin-ho, Korea's trade and industry minister, said Friday.

In response to persistent pressure on Korea from the United States to open its markets more widely to U.S. exports and the probability that the U.S. Government will restrict Korean exports, the Korean Government plans to effectively manage Korean exports to the United States, Kum said.

In a lecture to a group of Korean business leaders here, Kum said that the government will work toward the balanced expansion of trade by diversifying export markets and by promoting joint ventures in the United States.

The U.S. Government has strongly urged Korea to open its markets to U.S. exporters and insurance companies.

Kum said that the Korean Government will use international organizations, such as the textile surveillance body and the anti-dumping committee, to deal with the unfair import restrictions of advanced countries.

The government will push ahead with its import liberalization policy, as planned, but will prepare complementary measures to prevent side effects, including the dumping of foreign goods on the Korean market, he said. Those measures will include the imposition of emergency surcharges on foreign exports dumped here, the implementation of an import surveillance system and the strengthening of import inspections, he said.

While coping with the increasing trend toward protectionism in industrialized countries, South Korea will redouble its efforts to internationalize and to strengthen the structure of Korean industries, the trade and industry minister said.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

NEW FOREIGN INVESTMENTS IN 102 AREAS TO BE ALLOWED

SK120325 Seoul YONHAP in English 0317 GMT 12 Oct 85

[Text] Seoul, 12 Oct (OANA-YONHAP)--The South Korean Government has decided to permit foreign investments in 102 of the 339 business areas in which such investments are limited or prohibited, effective Monday, a Finance Ministry official said Saturday.

Among the newly opened business areas are cooking oil, soft drinks, petrochemicals, communications equipment, automobile parts and components, auto leasing and warehousing.

Other areas now open to foreign investment are marine, fire and automobile insurance, the manufacture of automobiles and motorcycles, the manufacture of farm tools and 13 other business lines.

Foreign investments in the above 16 business areas will be permitted, on the condition that foreign investors form joint ventures with Korean business license holders.

Through the new liberalization measures, the ministry intends to bring in new foreign technologies, to find new export markets and to sharpen the competitive edge of Korean-made goods on overseas markets, the official explained.

The measure brings the number of business areas which are opened to direct or indirect foreign investments from 660 to 762, representing 66.1 percent of the total 999 business fields under the Korea standard industry classification.

Korea is being hard pressed by foreign countries, especially the United States, to open its insurance and motion picture industries and to protect foreign intellectual property rights.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

SPECIAL LAW ON FOREIGN COPYRIGHTS

Government, DJP Plans

SK080712 Seoul YONHAP in English 0659 GMT 8 Oct 85

[Text] Seoul, 8 Oct (OANA-YONHAP)--The South Korean Government and the ruling Democratic Justice Party plan to introduce a special bill protecting foreign copyrights.

The bill will replace another revision of the existing copyright law now being drafted by government authorities, a government source said Tuesday.

Under the proposed law, foreign works would not be allowed to be reproduced, translated or published in Korea unless the author has given his approval, and unless his approval is made public. Only contracted companies would be permitted to publish foreign works, and they would be required to pay royalties to the authors.

South Korea is now under growing pressure from the U.S. Government, to protect foreign intellectual property rights, including copyrights.

But if foreign copyright holders refuse to authorize Koreans to copy their works, the special law would allow Korean firms to publish foreign books after depositing a fee with the Education Ministry in order to prevent foreign copyright holders from engaging in "arbitrary acts" and to promote the inflow of foreign intellectual information, the source explained.

The bill would also establish a foreign copyright management committee, which would deal exclusively with the acquisition of foreign copyrights and public notices concerning copyrights for foreign books and royalties.

Under the revised bill, Korean firms would lose the right to copy a foreign work if they fail to publish that work within one year after obtaining permission from the Education Ministry. The same rule would apply to Korean companies that fail to reprint outdated editions of books within one year.

The bill would limit the scope of foreign copyrights to be protected in Korea to foreign publications. It will be submitted soon to the National Assembly during the ongoing regular session, the source said.

Special Law Drafted

SK080025 Seoul THE KOREA TIMES in English 8 Oct 85 p 1

25 OCT 1985

[Text] The copyright of a foreign author will be protected only in case where the author permits Korean publishers to duplicate and publish the translations of his writings and a public notice was made, it was learned yesterday.

When Korean publishers want to copy and publish foreign works, they should pay royalties in return for the use of the copyright.

These are contained in the draft of a special law prepared by the government and the ruling Democratic Justice Party to be presented to the National Assembly during the current regular session.

To secure the smooth inflow of foreign knowledge and information, the government will allow domestic publishers who deposit a certain amount of money with the Culture-Information Ministry to use the copyrights of foreign authors.

The money may be paid to foreign authors ex post facto.

A committee will be formed to see to it that the foreign author acquires the protection of his copyright by contracting with Korean publishers and to ensure that the royalty is properly paid.

The government originally planned to revise the existing copyright law and its enforcement decree in order to protect the right of foreign authors and secure the fair use of copyrights.

However, the government has decided to enact the special law instead of amending the existing statutes to effectively counter the pressures by foreign countries, especially the United States, for the protection of their copyrights.

The government was learned to have withdrawn the plan to revise the relevant laws.

An official said the government regarded the special law as an interim step before joining the International Copyright Association. It is designed to minimize the shock to domestic publishers, he explained.

CSO: 4100/012

S.KOREA/FOREIGN TRADE

BRIEFS

UNIONS AGAINST MARKET OPENING--Seoul, 9 Oct (OANA-YONHAP)--The Federation of Korean Trade Unions (FKTU) Wednesday urged the South Korean Government to deal "resolutely" with the mounting pressure from advanced countries to open the Korean market more widely. In a special statement, the FKTU said that the government's hasty liberalization measures threaten the survival of some domestic industries. The measures could also aggravate the unemployment situation in Korea and could disturb the daily lives of Koreans, it added. The FKTU expressed deep concern over the U.S. demand that Korea open its market to more than 100 U.S. commodities and over the 300 protectionist bills now before the U.S. Congress. The Korean Government should use every possible diplomatic tactic to cope with the U.S. pressure and should implement measures to ensure the healthy development of domestic industries, the FKTU statement said. [Text] [Seoul YONHAP in English 0519 GMT 9 Oct 85 SK]

YEN APPRECIATION MAY BENEFIT TEXTILE EXPORTS--Seoul, 9 Oct (OANA-YONHAP)--South Korea's exports of some textile products are expected to benefit from the recent appreciation of the Japanese yen against the U.S. dollar, a Korea Trade Promotion Corp (KOTRA) official said Wednesday. The strengthening of the yen has created serious shock waves among Japanese textile industries, the official said. In October, Japanese textile companies did not negotiate any export contracts for next year. As a result, Japan's textile exports to the Middle East, Southeast Asia and communist-bloc countries will be dealt a serious blow in 1986, the official said. In addition, there have been signs that the appreciation of the yen will cause Japan's importation of some textile products, including cotton yarns, cotton fabrics and knitwear, to increase sharply. As a result, foreign textile buyers are expected to turn to Korea, and its exportation of yarns, fabrics and other textile products may rise continuously for a period of time, the official said. [Text] [Seoul YONHAP in English 0013 GMT 9 Oct 85 SK]

CSO: 4100/012

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